MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, OCTOBER 2, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:10 P.M.

RELEASE OF RESERVE

1. File 100-96-1.2. [Reserved Funds, Department of Human Resources] Consideration of release of reserve, Department of Human Resources, in the amount of $80,000 for the purchase of new furniture and equipment for the Worker's Compensation Division (displaced employees at 1155 Market Street). (Department of Human Resources)

   SPEAKERS: None.

   ACTION: CONSIDERATION CONTINUED TO OCTOBER 9, 1996, MEETING.

   VOTE: 3-0.

GENERAL

2. File 28-96-9. [Emergency Repair, Various Locations] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in 23rd Avenue between California Street and Clement Street, Broadway between Grant Avenue and Stockton Street, Trenton Street between Pacific Avenue and Jackson Street, Pacific Avenue between Stockton Street and Mason Street and between Taylor Street and Jones Street, the 2015 Tenth Avenue easement between Tenth Avenue and 160 feet westerly, First Street between Market Street and Stevenson Street, Vicksburg Street between Elizabeth Street and Twenty-Fourth Street, Dale Place between Golden Gate Avenue and the Dead-End, Andover Street between Newman Street and Cortland Street and Webster Street between Lombard Street and Greenwich Street. (Department of Public Works)

(Consideration continued from 9/25/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. On Page 2, line 11, replace $"1,444,964" with "$1,654,040". On Page 2, line 12, insert after "Charge" and the 1994 Sewer Revenue Bond funds. (SAME TITLE)

VOTE: 3-0.

3. File 28-96-10. [Emergency Repairs, San Joaquin Pipeline No. 3] Resolution authorizing expenditure of $600,000 for the emergency repairs to the San Joaquin Pipeline No. 3. (Public Utilities Commission)

SPEAKERS: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

4. File 203-96-1. [Quitclaim Deed, Excelsior Youth Center] Ordinance authorizing and directing execution of a Quitclaim Deed from the City and County of San Francisco to the San Francisco Unified School District, a political subdivision of the State of California, for the San Francisco Community School site and adopting findings pursuant to City Planning Code Section 101.1. (Supervisors Shelley, Bierman)

(163-167 London Street)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Kevin Shelley; John Barber, Mayor's Office of Community Development; Harvey Rose, Budget Analyst. IN SUPPORT: David Cooper, James Espinosa, Denise Corruzo, Maryanne Aire; Jimmy Shores, Libby McChristie. OPPOSED: David Innis, Rebecca Silberberg, Marie Torres, Chooi Eng Grosso, Denis Quinn.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO NOVEMBER 13, 1996, MEETING.

VOTE: 3-0.

5. File 64-96-14. [Lease of Real Property] Resolution authorizing the City, as tenant, to enter into a lease with the San Francisco Unified School District, as landlord, for the lease of a portion of the San Francisco Community School play yard for the construction and operation of a youth center, which lease includes an option for the City to purchase the leased property and indemnities given by the City. (Supervisors Shelley, Bierman)

(163-167 London Street)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Kevin Shelley; John Barber, Mayor's Office of Community Development; Harvey Rose, Budget Analyst. IN SUPPORT: David Cooper, James Espinosa, Denise Corruzo, Maryanne Aire; Jimmy Shores, Libby McChristie. OPPOSED: David Innis, Rebecca Silberberg, Marie Torres, Chooi Eng Grosso, Denis Quinn.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO NOVEMBER 13, 1996, MEETING.

VOTE: 3-0.

FISCAL

6. File 101-96-10. [Appropriation, Public Transportation-Muni Railway] Ordinance rescinding $86,568 from materials and supplies in the Muni Operating Fund and appropriating $99,543 to professional services in the Muni Capital Projects Fund, including $12,975 recovered from the contractor, to reimburse the Municipal Railway's Advanced Train Control System Project for the improper use of grant funds, in response to a Controller audit, for fiscal year 1996-97; providing for ratification of action previously taken. (Controller) (RO #96029)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ed Harrington, Contoller. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

7. File 101-96-11. [Appropriation, Dept. of Business and Economic Development] Ordinance appropriating $266,000, Department of Business and Economic Development, of grant and rental revenue for salaries, fringe benefits, travel, training, for professional services, materials and supplies and services of other departments, for the creation of two (2) positions, for the Treasure Island Base Conversion Project at the Department of Business and Economic Development. (Controller) RO #96065 (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Mike Martin, Mayor's Budget Office; Sue Lee, Department of Business and Economic Development, Larry Florin, Director, Treasure Island Base Conversion Project. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING NEW TITLE PRESENTED IN COMMITTEE. ADOPTED. FURTHER AMENDED. Reduce permanent salaries from $105,000 to $76,437 and fringe benefits from $23,000 to $16,743. AMENDED TITLE: "Ordinance appropriating $231,180, Department of Business and Economic Development, of grant and rental revenue for salaries, fringe benefits, travel, training, for professional services, materials and supplies, equipment and services of other departments, for the creation of two (2) positions, for the Treasure Island Base Conversion Project at the Department of Business and Economic Development."

VOTE: 3-0.

8. File 102-96-4. [Salary Ordinance Amendment, Dept. of Business and Economic Development] Ordinance amendment Ordinance No. 298-96 (Annual Salary Ordinance, 1996/97) reflecting the creation of two (2) positions (Class 1365 Special Assistant VI and Class 1372 Special Assistant XIII) in the Department of Business and Economic Development. (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Mike Martin, Mayor's Budget Office; Sue Lee, Department of Business and Economic Development, Larry Florin, Director, Treasure Island Base Conversion Project. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

TIME MEETING ADJOURNED: 2:40 P.M.

Public Library, Documents Dept.
Attn: Kate Wingerson

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

/96

September 27, 1996

TO: Budget Committee

FROM: Budget Analyst Recommendations for meeting of..

SUBJECT: October 2, 1996, 1996 Budget Committee Meeting

Item 1 - File 100-96-1.2

Department: Human Resources Department (HRD)
Workers Compensation Division (WCD)
Health Services Division (HSD)

Item: Request to release reserved funds in the amount of $80,000 for the purchase of new furniture and equipment for the Workers Compensation and Health Services Divisions of the Human Resources Department.

Amount: $80,000

Source of Funds: General Fund - Reserved monies in the Human Resources Department's FY1996-97 budget

Description: The Human Resources Department (HRD) is requesting that reserved funds in the amount of $80,000 be released to purchase new furniture and equipment for its Workers Compensation Division (WCD) and its Health Services Division (HSD) that are being relocated from 1155 Market Street to 1145 Market Street.

Comments: 1. According to Ms. Rachel Robbins of the HRD, the WCD's and HSD's current location at 1155 Market Street (3rd floor) consists of three areas: 1) 30 built-in workstations, each of

which consists of a built-in desk, and a computer terminal workspace and a removable chair; 2) 50 cubicles, each of which consists of a desk, computer terminal workspace and a chair; and 3) a central office area, which consists of (a) built-in shelving units and filing cabinets and (b) central filing and storage units, which house the WCD's and HSD's caseload files. Ms. Robbins states that these filing and storage units are over 20 years old and in disrepair.

Ms. Robbins reports that the furnishings in the 50 cubicles and an undetermined number of the 30 workstation chairs will be moved to 1145 Market Street. According to Ms. Robbins, some of the workstation chairs will be replaced because they are old and not ergonomically structured. Ms. Robbins advises that the 30 built-in workstations and the built-in shelving units and filing cabinets cannot be removed and will remain at the 1150 Market Street site. In addition, Ms. Robbins advises that the central filing and storage units , which house the WCD's and HSD's caseload files, will need to be replaced. As such, the HRD is proposing to purchase for the new site at 1145 Market Street 1) approximately 30 new workstations, consisting of a desk, computer terminal workspace, along with an undetermined number of workstation chairs; 2) shelving units and filing cabinets; and 3) filing and storage units for the WCD's and HSD's caseload files.

2. Ms. Robbins advises that, as of the writing of this report, the HRD is unable to provide information about the specific type and quantity of furniture and equipment to be purchased or the budget details for the $80,000 being requested. Therefore, the HRD has requested that this item be continued to the Budget Committee meeting of October 9, 1996.

Recommendation: Continue this item to the Budget Committee meeting of October 9, 1996 as requested by the HRD.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 2 - File 28-96-9

Note: This item was continued by the Budget Committee at its meeting of September 25, 1996 meeting.

Department: Department of Public Works (DPW)

Item: Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewers on 23rd Avenue between California Street and Clement Street, Broadway between Grant Avenue and Stockton Street, Trenton Street between Pacific Avenue and Jackson Street, Pacific Avenue between Stockton Street and Mason Street and between Taylor Street and Jones Street, the 2015 Tenth Avenue easement (the sewer located below the easement) between Tenth Avenue and 160 feet westerly, First Street between Market Street and Mission Street, Vicksburg Street between Elizabeth Street and 24th Street, Dale Place between Golden Gate Avenue and the dead end, Andover Street between Newman Street and Cortland Avenue, and Webster Street between Lombard Street and Greenwich Street.

Amount:

$261,910	- 23rd Avenue
291,951	- Broadway Street
47,444	- Trenton Street
429,240	- Pacific Avenue
44,075	- 2015 Tenth Avenue Easement (sewer located below easement)
227,275	- First Street
64,825	- Vicksburg Street
58,700	- Dale Place
118,710	- Andover Street
109,910	- Webster Street
$1,654,040	**Total**

Source of Funds:

Repair and Replacement Fund (financed by Sewer Services Charges)	$503,340
1994 Sewer Revenue Bond funds	1,150,700
Total	$1,654,040

Description: The ten sewer repairs, including contract cost details are described below

Sewer Repair at 23rd Avenue - The DPW advises that on March 12, 1996, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing brick

sewer located at 23rd Avenue between California Street and Clement Street was severely deteriorated, causing defects in the pavement, and allowing sand to enter into the sewer. The DPW reports that, accordingly, the BSSR requested the City Engineer to issue a Class B emergency contract to repair the sewer. Unlike an emergency designated as a Class A emergency, a Class B emergency allows sufficient time for the DPW to develop plans and specifications, and to prepare the necessary contract documents, prior to the award of the contract to repair the damage.

Therefore, Mr. P.T. Law of DPW advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on June 6, 1996, to acquire the necessary construction services. Mr. Law states that on June 19, the DPW selected Shaw Pipelines, Inc., an LBE firm, as the lowest responsible bidder for the sewer repair work at the 23rd Avenue location, based on the bid amount of $261,910.

The list of bidders, their MBE/WBE status, and the amounts bid are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Shaw Pipelines, Inc.	LBE	$261,910
Marinship Construction Services, Inc.	LBE/MBE	325,959
Cal North Engineering	LBE	337,350
Esquivel Grading and Paving	LBE/MBE	374,670
Woods Construction, Inc.	LBE	384,000
A. Ruiz Construction Co.	LBE/MBE	497,575

According to Mr. Law, the repair work on the sewer, located at 23rd Avenue commenced on September 16, 1996 and is expected to be completed on November 1, 1996.

Sewer Repair at Broadway - The DPW advises that on April 25, 1996, the Bureau of Street and Sewer Repair notified the City Engineer that sections of the existing brick sewer located at Broadway between Grant Avenue and Stockton Street were collapsed and crushed, and had open joints. The DPW reports that accordingly, the BSSR requested the Bureau of Engineering to issue a Class A emergency contract to replace the sewer.

Therefore, Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on May 8, 1996, to acquire the necessary construction services. Mr. Law states that on May 10, 1996, the DPW selected Shaw Pipelines, Inc., an LBE firm, as the

lowest responsible bidder for the sewer repair work at the Broadway location, based on the bid amount of $186,251. Mr. Law advises that on June 18, 1996, the DPW issued a change order to replace existing sewers at Broadway from Stockton Street to Powell Street and at Stockton Street from Broadway to Vallejo Street, for an additional amount of $105,700. Therefore, the total contract amount awarded to Shaw Pipelines, Inc. is $291,951 ($186,251 plus the $105,700 change order).

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Shaw Pipelines, Inc.	LBE	$186,251
Marinship Construction Services, Inc.	LBE/MBE	229,806
Cal North Engineering	LBE	252,635
Harty Pipelines	LBE	298,270

According to Mr. Law, the repair work on the sewer, located at Broadway, commenced on May 14, 1996 and was completed on August 16, 1996.

Sewer Repair at Trenton Street - The DPW advises that on May 20, 1996, the Bureau of Street and Sewer Repair notified the City Engineer that the existing brick sewer located at Trenton Street between Pacific Avenue and Jackson Street had caved in approximately 55 feet, resulting in a depression in the pavement over the collapsed section of the sewer. The DPW reports that accordingly, the BSSR requested the Bureau of Engineering to issue a Class A emergency contract to replace the sewer.

Therefore, Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on May 29, 1996, to acquire the necessary construction services. Mr. Law states that on June 3, the DPW selected Marinship Construction Services, an LBE/MBE firm, as the lowest responsible bidder for the sewer repair work at the Trenton Street location, based on the bid amount of $47,444.

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Marinship Construction Services, Inc.	LBE/MBE	$47,444
Cal North Engineering	LBE	62,115
Woods Construction, Inc.	LBE	64,000

According to Mr. Law, the repair work on the sewer, located at Trenton Street, commenced on June 3, 1996 and was completed on June 14, 1996.

Sewer Repair at Pacific Avenue - The DPW advises that on June 14, 1996, the Bureau of Street and Sewer Repair notified the City Engineer that the existing brick sewer located at Pacific Avenue between Stockton Street and Mason Street and between Taylor Street and Jones Street had crushed sections, and missing joints. The DPW reports that accordingly, the BSSR requested the Bureau of Engineering to issue a Class A emergency contract to replace the sewer.

Therefore, Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on July 2, 1996, to acquire the necessary construction services. Mr. Law states that on July 10, 1996, the DPW selected D'arcy & Harty Construction/San Luis Gonzaga Construction, a joint venture, as the lowest responsible bidder for the sewer repair work at the Pacific Avenue locations, based on the bid amount of $429,240. San Luis Gonzaga Construction is an MBE firm and D'arcy & Harty Construction is an LBE firm.

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
D'arcy and Harty Construction/ San Luis Gonzaga Construction JV.	LBE/MBE(JV)	$429,240
Marinship Construction Services, Inc.	LBE/MBE	585,345

According to Mr. Law, the repair work on the sewer, located at Pacific Avenue, commenced on July 12, 1996 and was substantially completed on September 16, 1996.

Sewer Repair at the 2015 Tenth Avenue easement - The DPW advises that on July 3, 1996, the Bureau of Street and Sewer Repair notified the City Engineer that the existing eight-inch diameter sewer located in the easement below 2015 Tenth Avenue between Tenth Avenue and 160 feet westerly contained sags, separated joints, offset joints and

root intrusion. The DPW reports that accordingly, the BSSR requested the Bureau of Engineering to issue a Class A emergency contract to replace the sewer.

Therefore, Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on July 11, 1996, to acquire the necessary construction services. Mr. Law states that on July 17, 1996, the DPW selected Woods Construction, Inc., an LBE firm, as the lowest responsible bidder for the sewer repair work at the 2015 Tenth Avenue easement location, based on the bid amount of $44,075.

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Woods Construction, Inc.	LBE	$44,075
D'arcy and Harty Construction	LBE	54,500
Marinship Construction Services, Inc.	LBE/MBE	92,180
A. Ruiz Construction Co.	LBE/MBE	105,850

According to Mr. Law, the repair work on the sewer, located at 2015 Tenth Avenue easement, commenced on July 22, 1996 and was completed on August 2, 1996.

Sewer Repair at First Street - The DPW advises that on July 17, 1996, the Bureau of Street and Sewer Repair notified the City Engineer that the existing 12-inch diameter sewer located First Street between Market Street and Mission Street had collapsed. The DPW reports that accordingly, the BSSR requested the Bureau of Engineering to issue a Class A emergency contract to replace the sewer.

Therefore, Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on July 19, 1996, to acquire the necessary construction services. Mr. Law states that on July 19, 1996, the DPW selected Shaw Pipelines, Inc., an LBE firm, as the lowest responsible bidder for the sewer repair work at the First Street location, based on the bid amount of $123,900. On July 25, 1996, the BSSR notified the City Engineer that the existing sewer on First Street between Mission Street and Elim Alley had also collapsed. Therefore, the City Engineer submitted a change order in the amount of $103,375 to increase the existing contract with Shaw Pipelines, Inc. to also provide the repair work on First Street between Mission Street and Elim Alley. Therefore, the total contract amount paid to Shaw Pipelines, Inc. for the sewer

repair work at both locations on First Street is $227,275 ($123,900 plus the change order of $103,375).

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Shaw Pipelines, Inc.	LBE	$123,900
Marinship Construction Services, Inc.	LBE/MBE	148,430
Woods Construction, Inc.	LBE	159,025
Miller Thompson Construction	LBE/WBE	188,650

According to Mr. Law, the repair work on the sewer, located at First Street, commenced on July 23, 1996 and was completed on August 14, 1996.

Sewer Repair at Vicksburg Street - The DPW advises that on May 21, 1996, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing 15-inch diameter sewer located at Vicksburg Street between Elizabeth Street and 24th Street was badly crushed. The DPW reports that, accordingly, the BSSR requested the Bureau of Engineering to issue a Class B emergency contract to repair the sewer.

Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on July 17, 1996, to acquire the necessary construction services. Mr. Law states that on July 23, 1996, the DPW selected Woods Construction, Inc., an LBE firm, as the lowest responsible bidder for the sewer repair work at the Vicksburg Street location, based on the bid amount of $64,825.

The list of bidders, their MBE/WBE status, and the amounts bid are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Woods Construction, Inc.	LBE	$64,825
Miller Thompson Construction	LBE/WBE	74,067
D'arcy and Harty Construction/ San Luis Gonzaga Construction JV	LBE/MBE(JV)	76,100
Marinship Construction Services, Inc.	LBE/MBE	85,380
Esquivel Grading & Paving	LBE/MBE	86,380

According to Mr. Law, the repair work on the sewer, located at Vicksburg Street, commenced on August 29, 1996 and was completed on September 20, 1996.

Sewer Repair at Dale Place - The DPW advises that on June 20, 1996, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing sewer located at Dale Place between Golden Gate Avenue and the dead end had a depression. The DPW reports that, accordingly, the BSSR requested the Bureau of Engineering to issue a Class B emergency contract to repair the sewer.

Therefore, Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on July 15, 1996, to acquire the necessary construction services. Mr. Law states that on July 26, the DPW selected Esquivel Grading & Paving, Inc., an LBE/MBE firm, as the lowest responsible bidder for the sewer repair work at the Dale Place location, based on the bid amount of $58,700.

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Esquivel Grading & Paving	LBE/MBE	$58,700
D'arcy & Harty Construction/ San Luis Gonzaga Construction	LBE/MBE(JV)	75,300
Miller Thompson Construction	LBE/WBE	100,230
Marinship Construction Services, Inc.	LBE/MBE	102,334

According to Mr. Law, the repair work on the sewer, located at Dale Place commenced on August 28, 1996 and was completed on September 30, 1996.

Andover Street - The DPW advises that on May 24, 1996, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing sewer located at Andover Street between Newman Street and Cortland Avenue had caved-in at two locations, creating a depression in the pavement above the collapsed sections of the sewer. The DPW reports that, accordingly, the BSSR requested the Bureau of Engineering to issue a Class B emergency contract to repair the sewer.

Therefore, Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on July 26, 1996, to acquire the

necessary construction services. Mr. Law states that on August 7, 1996, the DPW selected D'arcy & Harty Construction/San Luis Gonzaga Construction, a joint venture, as the lowest responsible bidder (after receiving a bid preference of 10 percent because San Luis Gonzaga Construction is an MBE firm) for the sewer repair work at the Andover Street location, based on the bid amount of $118,710. D'arcy & Harty Construction is an LBE firm.

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Uniacke Construction	LBE	$116,050
D'arcy & Harty Construction/ San Luis Gonzaga Construction JV	LBE/MBE(JV)	118,710*
Esquivel Grading & Paving	LBE/MBE	132,420
Miller Thompson Construction	LBE/MBE	146,323
Marinship Construction Services, Inc.	LBE/MBE	168,254

* $106,839 net of the MBE preference.

According to Mr. Law, the repair work on the sewer, located at Andover Street commenced on September 9, 1996 and was completed on September 30, 1996.

Webster Street - The DPW advises that on July 23, 1996, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing sewer located at Webster Street between Lombard Street and Greenwich Street had caved-in. The DPW reports that, accordingly, the BSSR requested the Bureau of Engineering to issue a Class A emergency contract to repair the sewer.

Mr. Law advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on August 6, 1996, to acquire the necessary construction services. Mr. Law states that on August 14, 1996, the DPW selected Esquivel Grading & Paving, an LBE/MBE firm, as the lowest responsible bidder for the sewer repair work at the Webster Street location, based on the bid amount of $109,910.

The list of bidders, their MBE/WBE status, and the amounts bid, are as follows:

Contractor	MBE/WBE/LBE	Bid Amount
Esquivel Grading & Paving	LBE/MBE	$109,910
P&M Pipelines	LBE	114,964
Marinship Construction Services, Inc.	LBE/MBE	137,019

According to Mr. Law, the repair work on the sewer, located at Webster Street commenced on August 15, 1996 and was completed on September 4, 1996.

Comment: The body of the subject legislation states that (1) the total cost of the sewer repair work is estimated to be $1,444,964, and (2) funds are available from the Repair and Replacement Fund to pay for the sewer repair work. As noted above, the total cost to repair the subject sewers is $1,654,040, which, in addition to the Repair and Replacement Fund, would also be paid for from 1994 Sewer Revenue Bond funds. Therefore, the body of the proposed resolution should be amended to increase the total estimated cost of the repair work from $1,444,964 to $1,654,040, an increase of $209,076, and add 1994 Sewer Revenue Bond funds as an available source of funds to pay for the sewer repairs.

Recommendations:

1. Amend the proposed resolution to increase the total estimated cost of the repair work from $1,444,964 to $1,654,040, an increase of $209,076, and add 1994 Sewer Revenue Bond funds as an available source of funds to pay for the sewer repairs.

2. Approve the proposed resolution as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File 28-96-10

Department: Public Utilities Commission (PUC)

Item: Resolution authorizing the expenditure of funds for emergency repairs to the San Joaquin Pipeline No. 3.

Amount: $600,000

Source of Funds: San Joaquin Pipeline No. 3 Repairs Project funds

Description: Mr. Steven Carmichael of the PUC advises that on August 9, 1996, a section of the San Joaquin Pipeline No. 3, one of three pipelines that delivers water from Hetch Hetchy to San Francisco, and the rest of the Bay Area, failed. Mr. Carmichael advises that the pipeline failure constituted an emergency because the full capacity of all three pipelines is necessary to meet the peak demands for the delivery of potable water to San Francisco and the Bay Area.

Therefore, in accordance with Section 6.30 of the Administrative Code, the PUC declared an emergency on August 9, 1996, and initiated expedited contract procedures to retain a contractor to repair the pipeline.

Mr. Carmichael reports that on August 10, 1996, the PUC awarded a construction contract to San Luis Gonzaga Construction/Ranger Pipeline Repairs, a joint venture, based on a bid amount of $600,000, in order to replace the damaged pipeline. San Luis Gonzaga Construction is an MBE firm. Mr. Carlos Jacobo of the PUC advises that at the time of the declaration of the emergency on August 9, 1996, the joint venture of San Luis Gonzaga Construction/Ranger Pipeline Repairs was already under contract with the PUC to provide construction services for the San Joaquin Pipeline Crossover Project, a project that would enable the transfer of water between pipelines in the event of pipeline failures. Therefore, Mr. Jacobo advises, because of the immediate need to repair Pipeline No. 3, the PUC entered into a second contract with San Luis Gonzaga Construction/Ranger Pipeline Repairs for the emergency repair work to Pipeline No. 3.

Comment: Mr. Jacobo advises that the repair work to Pipeline No. 3 commenced on August 15, 1996, and was completed on August 28,1996.

Recommendation: Approve the proposed resolution.

Items 4 and 5 - Files 203-96-1 and 64-96-14

Department: Real Estate
Mayor's Office of Community Development

Items: File 203-96-1: Ordinance authorizing and directing execution of a quitclaim deed from the City and County of San Francisco to the San Francisco Unified School District, a political subdivision of the State of California, for the San Francisco Community School site, and adopting findings pursuant to City Planning Code Section 101.1.

File 64-96-14: Resolution authorizing the City, as tenant, to enter into a lease with the San Francisco Unified School District, as landlord, for the lease of a portion of the San Francisco Community School play yard for the construction and operation of a youth center, which lease includes an option for the City to purchase the leased property and indemnities given by the City.

Location: Portion of the play yard of the San Francisco Community School, 125 Excelsior Street.

Purpose of Lease: Construction and operation of the Excelsior Youth Center.

Lessor: San Francisco Unified School District (SFUSD)

Lessee: City and County of San Francisco

Area: Approximately 15,729 square feet, to be used for construction of a three-story, 22,000 square foot building.

Annual Cost: $1.00 payable by the City and County of San Francisco to the SFUSD

Term of Lease: December 1, 1996 to November 30, 2026 (30 years), with an option for the City to purchase the land from SFUSD for $1.00 upon expiration of the 30-year lease term.

Utilities and Janitorial Service: Costs to be shared by City and SFUSD on a prorated basis based on use of the facility by each entity.

Description: In June of 1996, the Board of Supervisors approved an amendment to the 1996 Community Development Block Grant (CDBG) program, providing $2 million for design and pre-construction costs for a Youth Center in the City's Excelsior District (File 79-95-6.1). Mr. John Barber of the Mayor's Office of Community Development (MOCD) advises

that an additional $500,000 is included in the proposed 1997 CDBG budget for this project, bringing the total amount of CDBG funds available for this Youth Center to $2.5 million. The Excelsior Youth Center project involves construction of a new, three-story, 22,000 square foot building at 125 Excelsior Street. The Center will provide facilities for basketball and other gym sports, computer learning, counseling, a recording studio, library/study hall, and other facilities for youth and young adults between the ages of 5 and 22 (See Comment No. 3 for construction funding details).

The land at 125 Excelsior Street is part of an existing playground for the San Francisco Community School, a public elementary school. The proposed resolution (File 64-96-14) would authorize a long term (30 years) lease of this land by the City and County of San Francisco as lessee from the SFUSD as lessor, at a nominal rental cost of $1.00 per year payable by the City. Upon expiration of the lease, the City would have the option to purchase the land for $1.00 from the SFUSD.

The proposed ordinance (File 203-96-1) is a companion measure to the proposed lease (File 64-96-14), authorizing a quitclaim deed from the City to the SFUSD for the subject property. According to Mr. Robert Haslam of the Department of Real Estate (DRE), when the site for the San Francisco Community School was purchased in 1905, the SFUSD was a department of the City and County, so purchase of this school site was made by the City and County for the SFUSD. However, Mr. Haslam states that the City and County holds title to the property only as a passive trustee, without any power or control in the management of the property. Such authority is entirely vested in the Board of Education, according to Mr. Haslam. Therefore, Mr. Haslam advises that approval of the quitclaim will not in any way change the City's ownership rights to the property, which are nonexistent. Mr. Haslam states that the proposed ordinance executing a quitclaim deed from the City to SFUSD is for purposes of clarifying that the SFUSD holds title to the land, and can therefore lease the land to the City.

Comments:

1. On May 21, 1996 the Board of Education authorized the Superintendent of Schools to enter into the proposed lease with the City. The proposed lease was subsequently amended. The amended lease will be submitted to the Board of Education for approval on October 8, 1996. This report reflects the provisions of the amended lease.

2. The Planning Department has issued a letter, included as an attachment to this report, which states that the proposed lease and quitclaim are in conformity with the Master Plan and the Eight Priority Policies of Planning Code Section 101.1. The findings of the Planning Department would be incorporated by reference to the proposed ordinance authorizing the quitclaim (File 203-96-1).

3. Mr. Barber advises that the total costs, including construction costs, for the Excelsior Youth Center Project are estimated to be approximately $7 million, or $4.5 million more than the $2.5 million in available CDBG funds. Mr. Barber anticipates that the funding sources for the remaining $4.5 million in project costs include $2.3 million from SFUSD and $2.2 million from future Housing and Urban Development (HUD) funds, and foundation and corporate donations. He states that the MOCD will not request General Fund support for this project. Mr. Tim Tronson Director, Property Management and Operations of the SFUSD advises that the SFUSD will provide $2.3 million from State Leroy Greene Funds (capital improvement funds) for this project, subject to the availability of these funds.

4. Mr. Barber states that the MOCD will issue a Request for Proposal (RFP) to obtain an operator for the Excelsior Youth Center, once construction is underway. Mr. Barber advises that the MOCD plans to sublease the property to the selected operator. Such sublease is authorized under the terms of the proposed lease. The City would be required to obtain the written consent of the SFUSD to any sublease and/or operating agreement, but the proposed lease states that such consent shall not be unreasonably withheld.

Mr. Barber states that the MOCD may request CDBG funds to support start-up costs for the operator at a later date, but he advises that the operator will be expected to obtain independent operating revenues to fully cover ongoing program costs.

5. The proposed lease (File 64-96-14) states that, prior to start of construction, the City and the SFUSD will enter into a Memorandum of Understanding (MOU) regarding (1) scheduling and staging of construction, (2) agreements pertaining to the shared use of the school and the youth center and (3) security for the elementary school and the youth center. Mr. Barber advises that, because the MOU would exclusively cover issues related to implementation of the proposed lease, the MOCD would negotiate and approve the MOU administratively and therefore the MOU would not

be subject to separate legislative approval by the Board of Supervisors.

6. Mr. Barber states that the Excelsior Youth Center project would occupy approximately one-third of the current play yard of the San Francisco Community School. However, Mr. Barber advises that the MOCD plans to permit the elementary school to utilize the planned gymnasium during school hours.

7. The proposed lease (File 64-96-14) would indemnify the SFUSD for any losses incurred as a result of the construction work, the City's use of the property, or the City's default or negligent acts regarding the subject premises, unless such losses are related to active negligence or willful misconduct on the part of the SFUSD. In turn, the SFUSD would indemnify the City for any losses arising from default or negligence on the part of the SFUSD.

8. The proposed lease (File 64-96-14) would give the SFUSD the right to approve design plans and specifications for the Excelsior Youth Center. The SFUSD would have 30 days to review such plans and specifications in terms of their compatibility with the lease, general appearance and compatibility with the elementary school.

9. According to Mr. Harry Quinn of the Real Estate Department, the City would be the owner of Excelsior Youth Center facility. As stated above, the term of the proposed lease is 30 years, with an option for the City to purchase the land from the SFUSD for $1.00 after the lease expires.

10. If the Board of Supervisors wishes to have approval authority over the pending MOU between the City and the SFUSD (see Comment No. 5 above), an MOU which is to be entered into prior to the start of construction of the Excelsior Youth Center facility, then the proposed resolution (File 64-96-14) should be amended to make the MOU subject to such Board approval.

Recommendation: Approval of the proposed ordinance (File 23-96-1) and resolution (File 64-96-14) is a policy decision for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET COMMITTEE

Attachment

PLANNING DEPARTMENT

City and County of San Francisco 1660 Mission Street San Francisco CA 94103-2414

(415) 558-6378 PLANNING COMMISSION FAX 558-6409 ADMINISTRATION FAX 558-6426 CURRENT PLANNING/ZONING FAX: 558-6409 LONG RANGE PLANNING FAX 558-6426

Mr. John Barber
Mayor's Office of Community Development
25 Van Ness Avenue Suite 700
San Francisco, CA 94102

June 19, 1996

Re: 96.210R Transfer of a portion of AB 6012, lot 5; (163-167 London Street) from the CCSF to the S.F. Unified School District; lease of a portion of the property from the Unified School District to the CCSF.

Pursuant to Section 3.527 of the Charter, the subject referral was received from the Mayor's Office on May 6, 1996, and the following report is submitted:

The proposed project is the transfer of the property (Assessor's Block 6012, lot 5) from the City and County of San Francisco to the Unified School District, and the lease of a portion of the property from the Unified School District to the City and County of San Francisco.

The project is in conformity with the Master Plan, as described in the attached case report.

The project received environmental review in a Negative Declaration prepared by the San Francisco Unified School District, which was adopted on May 28, 1996.

The project has been reviewed for consistency with the Eight Priority Policies of Planning Code Section 101.1 and the findings are included in the attached case report.

Sincerely,

Amit K. Ghosh
Director of Planning

Attachments:

96.210R Case Report, and
Planning Code Section 101.1 findings

cc: John Taylor, Clerk of the Board
Leslie Trutner, City Attorney

96.210R
Excelsior Youth Center

Item 6 - File 101-96-10

Department:	Public Transportation Department (PTD) Municipal Railway (MUNI)
Item:	Ordinance reappropriating $86,568 from the Materials and Supplies account in the MUNI Operating Fund and appropriating $12,975 recovered from a MUNI subcontractor, resulting in a total request of $99,543 for Professional Services to reimburse the Federal Transit Administration for the improper (ineligible) use by the City of Federal funds granted to MUNI specifically for the Muni Advanced Train Control System Project; providing for ratification of action previously taken.
Amount:	$99,543
Source of Funds:	$86,568 - Reappropriated from surplus MUNI Operating Funds previously appropriated for Materials and Supplies $12,975 - Recovered from Booz-Allen & Hamilton
Description:	The MUNI Advance Train Control System (ATCS) Project involves modernizing the MUNI's subway signal system to allow for continuous monitoring of light rail vehicles (LRVS) in the tunnel portion of MUNI's underground LRV system. The PTD previously used $99,543 in Federal Transit Administration (FTA) grant funds, which were specifically designated for the MUNI ATCS Project, to pay for the costs to recruit the positions of MUNI Deputy Director of Finance, Administration and Personnel and MUNI Deputy Director of Operations. Of the $99,543 used for recruitment expenses, a total of $86,568 was paid by the PTD to the executive search firm of Gilbert Tweed Associates Inc. Ms. Nancy Whelan Deputy Director of MUNI's Capital Projects reports that the $86,568 consists of a lump sum fee of $66,666 based on one-third of each of the annual salaries of the two MUNI positions to be recruited, plus $19,902 for expenses. Additionally, an administrative fee of $12,975 was paid to Jeanpierre & Company, Certified Public Accountants, for administering the Gilbert Tweed contract. According to the PTD, Jeanpierre & Company is a subcontrator to Booz-Allen & Hamilton Inc., the prime contractor for the ATCS Project, to provide quality assurance services, cost estimating services and audit services in connection with the ATCS Project. According to Mr. Arnold Baker of the PTD, Jeanpierre & Company was assigned the responsibility of administering the Gilbert Tweed contract by Booz - Allen & Hamilton.

Subsequent to the use of the FTA grant monies by the PTD to pay for the recruitment expenses, the Controller issued an audit report, dated May 30, 1996, which included two findings. First, the Controller's audit found that recruitment expenses for the MUNI positions of Deputy Director of Finance, Administration and Personnel and Deputy Director of Operations was not a proper use by the PTD of Federal funds which had been granted to the MUNI specifically for the ATCS Project. The Controller's audit report stated that "Since the executive positions for which the funds were spent were not closely associated to the purpose of the grant, the PTD improperly used the funds for purposes not allowed under the grant". Secondly, the Controller's audit found that the administrative fee of $12,975 paid to Jeanpierre & Company, representing approximately 15 percent of the total $86,568 amount paid to Gilbert Tweed Associates Inc., was unreasonable because Jeanpierre & Company's only work on the Gilbert Tweed contract consisted of passing Gilbert Tweed's billing invoices on to Booz-Allen & Hamilton, who in turn sought reimbursement from the PTD. The Controller's audit report stated that "Jeanpierre & Company should have only claimed additional reimbursement for the actual hours involved in administering the contract with Gilbert Tweed."

Based on the two findings noted above, the Controller's audit report, in part, recommended that the PTD (1) "Submit a supplemental appropriation request to obtain authorization and funding to reimburse the ATCS project $99,543 for the unallowable cost of recruiting for executive positions for the PTD" and (2) "Recover $12,975 from Jeanpierre & Company, Certified Public Accounts, for overcharging the PTD for administering the executive recruitment contract. The PTD should request Jeanpierre & Company to submit a bill for the direct hours involved in administering the Gilbert Tweed contract, and only pay that amount if it appears reasonable".

As recommended by the Controller, the proposed ordinance would reappropriate (a) $86,568 in surplus MUNI Operating Funds from the Materials and Supplies account and (b) appropriate an additional $12,975 in funds recovered from Booz-Allen & Hamilton on behalf of Jeanpierre & Company, in order to reimburse the Federal Transit Administration grant funds "improperly used".

Comments:

1. Attachment I, provided by Mr. Arnold Baker, Manager of MUNI's Contract Compliance, explains the process in selecting Gilbert Tweed Associates Inc. and Jeanpierre & Company for the $99,543 paid in recruitment expenses.

2. Attachment II, provided by Ms. Nancy Whelan, describes the amount and status of any forthcoming bill from Jeanpierre & Company for the Company's direct hours involved in administering the Gilbert Tweed contract.

Recommendation: Approve the proposed ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Attachment I

SAN FRANCISCO MUNICIPAL RAILWAY 949 PRESIDIO AVENUE, SAN FRANCISCO, CALIF. 94115

MEMORANDUM

TO: Sandy Brown-Richardson
Board of Supervisors
Budget Analyst

FROM: Arnold W. Baker, Manager
Contract Compliance, PTD

DATE: September 27, 1996

SUBJECT: Selection Process

The Budget Analyst has requested that the Public Transportation Department explain the selection process in choosing Jeanpierre & Company and Gilbert Tweed Associates, Inc. for the subject recruitment.

Jeanpierre & Company, one of four additional DBE firms used to achieve the 40 percent DBE goal of the ATCS contract, was part of the Booz-Allen Hamilton ATCS team for Amendment No. 2 dated October 12, 1994.

Wakefield Talabisco International and Gilbert Tweed Associates were the only two minority/women-owned firms located through the Regional Transit Coordinating Council's DBE Database, with experience recruiting for the transit industry. The broad experience, extensive network and intimate current knowledge of Gilbert Tweed resulted in their referral to Booz-Allen Hamilton as a certified DBE firm. Wakefield Talabisco, on the other hand was a newly established firm with less developed client base and lower visibility in the transit industry.

Please contact me at 923-6139 if you have any questions.

AWB:ns

Post-it® Fax Note 7671	Date 9-27-96 # of pages 1
To Sandy Brown-Richardson	From Arnold Baker
Co./Dept. Board of Supvs.-Budget	Co. PTD
Phone # Analyst	Phone # 923-6139
Fax # 252-0461	Fax # 923-6180

Contract Compliance Office - 949 Presidio Ave., Rm. 246, San Francisco, CA 94115
Phone: (415) 923-6139, Fax: (415) 923-6180

Attachment II

1155 Market Street • San Francisco, CA 94103 • (415) 554-0785

September 27, 1996

TO: SANDY BROWN RICHARDSON
Budget Analyst's Office

FROM: NANCY E. WHELAN
Deputy Director, Capital Projects, Public Transportation Department

SUBJECT: INQUIRY REGARDING BILLINGS BY JEANPIERRE & COMPANY

In its report regarding the Public Transportation Department's use of grant funds for subcontract expenses for executive recruiting, the Controller's Audits Division recommends that Jeanpierre & Company be requested to submit a bill for the direct hours involved in administering the Gilbert Tweed contract. You have inquired as to the status of such billings.

The Public Transportation Department and our prime contractor, Booz-Allen & Hamilton Inc., have not received billings from Jeanpierre & Company for the direct hours involved in administering the Gilbert Tweed contract. However, we understand that Jeanpierre & Company intends to submit a bill for this purpose and that the estimated cost is $4,020. The hours and rate to be billed are as follows:

	Hours	Rate Per Hour	Total
Andrew Jeanpierre, President	21	$120	$2,520
Rhodes Gardner, Associate	15	$50	750
Secretary	30	$25	750
TOTAL	66	--	$4,020

Please contact me if you need further information on this matter.

Items 7 and 8 - Files 101-96-11 and 102-96-4

Department:	Department of Business and Economic Development
Items:	**Item 7, File 101-96-11** - Supplemental appropriation ordinance appropriating $266,000 of unanticipated grant and rental revenue for salaries, fringe benefits, travel, training, professional services, materials and supplies, and services of other departments, for the creation of two positions, for the Treasure Island Base Conversion Project at the Department of Business and Economic Development for FY 1996-97. **Item 8, File 102-96-4** - Ordinance amending the FY 1996-97 Annual Salary Ordinance to reflect the creation of two positions in the Department of Business and Economic Development.
Amount:	$266,000

Source of Funds:

U.S. Department of Defense, Office of Military Base Conversion grant funds	$61,500
Treasure Island Lease Revenues (see Comment No. 1)	204,500
Total	$266,000

Description: The proposed supplemental appropriation ordinance (File 101-96-11) would appropriate $266,000 from additional grant and lease revenues for the Department of Business and Economic Development, in order to fund permanent salaries, fringe benefits, travel, training, professional services, materials & supplies, equipment, and services of other departments for the Treasure Island Base Conversion Project. The purpose of the Treasure Island Base Conversion Project is to (1) prepare for the transfer of the jurisdictional authority over the land within the Federal Naval Station, located on Treasure Island and Yerba Buena Island, from the U.S. Department of Defense, to the City on or about September 30, 1997, and (2) plan for the redevelopment of the land within the Naval Station for civilian uses by implementing the Reuse Plan which was developed for this purpose. As proposed, the requested $266,000 in revenues would be expended for the nine-month period beginning October 1, 1996 through June 30, 1997, as follows:

Permanent Salaries		
1365 Special Assistant VI	$40,000	
1372 Special Assistant XIII	65,000	$105,000
Fringe Benefits		23,000
Professional Services		97,700
Training		500
Travel		2,000
Materials & Supplies		1,000*
Office Equipment		2,000*
Equipment Lease		3,300*
Services of Other Departments - City Attorney		25,000
Services of Other Departments - Electricity		4,000
Services of Other Departments- Reproduction		2,500
Total		$266,000

* Mr. Richard Hillis of the Mayor's Office advises that inadvertently the proposed supplemental appropriation ordinance appropriates $6,300 for Materials & Supplies, and no funding for Office Equipment or Equipment Lease. Therefore, the Department of Business and Economic Development will submit an Amendment of the Whole at the Budget Committee Meeting on October 2, 1996, which would appropriate an amount of $1,000 for Materials & Supplies, $2,000 for Office Equipment, and $3,300 for Equipment Lease, as shown in the table above. The funding detail above reflects the Amendment of the Whole.

The other proposed ordinance (File 102-96-4) would amend the FY 1996-97 Annual Salary Ordinance to reflect the addition of two new positions, including one new 1365 Special Assistant VI and one new 1372 Special Assistant XIII, as follows:

No. of Positions	Title	Biweekly Salary	Maximum Annual Salary
1	1365 Special Assistant VI	$1,355 - $2,084	$54,392
1	1372 Special Assistant XIII	$2,252 - $2,737	$71,436

The total annual salaries at the top step would be $125,828.

Mr. Larry Florin, Director of the Treasure Island Base Conversion Project, advises that if these two proposed new positions are approved, there would be a total of four full-time positions assigned by the Department of Business and Economic Development to the Treasure Island Base Conversion Project. Attachment I, provided by Mr. Florin, provides additional details as to the functions of the existing positions, and the two proposed new positions. In summary, as described by Mr. Hillis, the proposed two new positions would be responsible for the following functions:

1365 Special Assistant VI
This position would serve as the Office Manager at the City's Treasure Island office. The position would be responsible for all payroll and personnel functions, accounting, reception, sorting the mail, and other administrative functions.

1372 Special Assistant XIII
This position would be responsible for marketing and leasing of property on Treasure Island/Yerba Buena Island. In addition, the position would also be responsible for identifying long term developers to develop vacant portions of the base.

Mr. Hillis advises that although the proposed funds were to have been expended over the nine-month period, from October 1, 1996 through June 30, 1997, or approximately 19 pay periods, the amount of $105,000 for Salaries, and $23,000 for Fringe Benefits, is based on a twelve month period, or 26.1 pay periods. Therefore, the amounts budgeted for Salaries and Fringe Benefits should be reduced to reflect 19 pay periods, as follows:

	Amount Requested	Recommended Amount	Recommended Reduction
1365 Special Assistant VI	$40,000	$29,119	$10,881
1372 Special Assistant XIII	65,000	47,318	17,682
Subtotal	$105,000	$76437	$28,563
Fringe Benefits	23,000	16,743	6,257
Total	$128,000	$93,180	$34,820

Comments:

1. Mr. Hillis advises that the Department of Business and Economic Development's FY 1996-97 budget, as approved by the Board of Supervisors, included the following revenue sources and amounts: (a) $283,000 in U.S. Department of Defense, Office of Military Base Conversion grant funds, and (b) $150,000 in property lease revenues from the lease of facilities on Treasure Island. Mr. Hillis advises that subsequent to approval by the Board of Supervisors of the FY 1996-97 budget, the Department of Business and Economic Development was notified by the U.S. Department of Defense that the grant allocation would be increased by $61,500, from $283,000 to $344,500. In addition, Mr. Hillis advises, that although the Department of Business and Economic Development's FY 1996-97 budget included $150,000 in lease revenues, based on subsequent lease negotiations, the Department of Business and Economic Development now anticipates receiving a total of $354,500 in FY 1996-97, or an

increase of $204,500. The $354,500 in lease revenues would be provided by (a) Off Duty Productions, a film production company, for a total of $102,000, based on a monthly lease rate of $8,500 for a 12 month period, and (b) Walt Disney, for a total of $252,500 for two leases, including (1) $52,500 for the lease of Building No. 180, based on a monthly lease rate of $7,500 for a seven month period, and (2) $200,000 for the lease of Building No. 3, based on a monthly lease rate of $25,000 for an eight month period.

Therefore, the proposed supplemental appropriation ordinance would appropriate $266,000 ($61,500 plus $204,500) in additional revenues which had not previously been anticipated under the Department's FY 1996-97 budget.

2. Attachment II, provided by the Mayor's Budget Office, provides budget detail for Training ($500), Travel ($2,000) Supplies ($1,000), Equipment ($5,300), and Services of Other Departments, including the Department of Telecommunications and Information System's Division of Electricity ($4,000), and the Purchasing Department's Division of Reproduction, ($2,500).

3. Ms. Carolyn Haynes of the Department of Telecommunications and Information Services has verified the reasonableness of the $4,000 in funding for telephone equipment installation and phone usage, identified in Attachment II.

4. Funds in the amount of $97,700 have been allocated for Professional Services in order to provide seismic evaluations of the buildings that are to be leased by the City, to, as yet, undetermined lessees, on Treasure Island/Yerba Buena Island, according to Mr. Florin. As noted in Attachment I, Mr. Florin advises that the Department of Business of Economic Development has selected the firm of SOH Associates, a structural engineering firm, to provide the seismic evaluations on an as-needed basis.

5. Mr. Hillis advises that funds in the amount of $25,000 would be provided to the City Attorney's Office to review lease agreements, and to assist in negotiating the transfer of the Treasure Island and Yerba Buena Island property from the U.S. Department of Defense to the City. Mr. Hillis advises that the City Attorney's Office would provide approximately 250 hours of work at approximately $100 per hour.

Recommendations: 1. Amend the proposed ordinance (File 101-96-11) to reduce the amount allocated for Permanent Salaries by $28,563, from $105,000 to $76,437, and the amount allocated for Fringe Benefits by $6,257 from $23,000 to $16,743 to reflect 19 pay periods.

2. Approve the proposed appropriation ordinance (File 101-96-11), as amended.

3. Approve the proposed amendment to the Annual Salary Ordinance (File 102-96-4).

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Mike Martin
Paul Horcher
Ted Lakey

Attachment I

TO: Michelle Ruggles

FROM: Larry Florin, Mayor's Office of Business and Economic Dev.

SUBJ: Economic Development Supplemental

Per our telephone conversation yesterday, I am providing you with some additional detail on the staffing for the Treasure Island Project Office:

Funding for each of these positions are provided by both a grant from the Office of Economic Adjustment, Department of Defense and lease revenues generated on the island. The grant specifies the work of each of this positions.

1. **1375 Special Assistant** - This person is responsible for overseeing all of the work related to base conversion activities including but not limited to conducting negotiations with the Navy for transfer of ownership of the property from the Navy to the city, negotiating caretaker agreements with the Navy, securing regulatory approvals for the reuse proposals, coordinating public services to be provided to the island.

2. **1374 Special Assistant** - This person will act as the lead negotiator with private developers interested in developing the base. Will be responsible for preparing Request for Proposals from Developers, selecting developers and negotiating development agreements and owner participation agreements. Will also be responsible for drafting lease documents for property to be leased to private entities.

3. **1372 Special Assistant** - This person will be fully responsible for marketing property and for identifying tenants to occupy buildings on the base. When the Navy vacates the property in September 1997, the city will have over 400 leasable buildings and well over 1000 units of housing to fill with tenants. This person will be responsible for coordinating efforts in identifying tenants to occupy these structures. In addition this person will be responsible for identifying long term developers to develop vacant portions of the base.

4. **1365 Special Assistant** - This person will serve as the office manager at the TI offices. The incumbent will be responsible for payroll/personnel, accounting, reception, mail and general administrative functions.

Additionally in response to your proposal to reserve $97,700 for professional services: this money will be used to do seismic evaluations of individual buildings to be leased. SOH Associates, a structural engineering company has been retained to provide this analysis on an as needed basis. To date they have accomplished reports on 8 structures on the island. These funds will be used to conduct additional evaluations of buildings to be leased.

Attachment II

OFFICE OF THE MAYOR
SAN FRANCISCO

WILLIE LEWIS BROWN, JR.

September 26, 1996

M E M O R A N D U M

TO: Michelle Ruggles, Budget Analyst's Office

FROM: Richard Hillis, Mayor's Office

RE: Economic Development Supplemental

Per our telephone conversation yesterday, I am providing you with detail for budget items in the Economic Development Department supplemental request for the Treasure Island project. All items in the supplemental are being funded from additional grant and lease revenues that were not anticipated during the budget process.

1. Training - The $500 budget request will is expected to fund 2 training courses in real estate development and leasing.
2. Travel - The $2,000 budget request will fund 2 trips to Washington, DC for the Director of Base Conversions to meet with Department of Defense officials on the property transfer ($1,600) and one trip to San Diego for the Director to attend the base conversion conference ($400).
3. DET- Telephone - The $4,000 request will fund the installation ($500), wiring ($2,600) and usage ($900) for telephones in the Base Conversion Offices.
4. Supplies - A portion of the $6,300 budget request should have been budgeted under "equipment." An amended ordinance will be sent by the Controller's Office to the Board of Supervisors and your office to reflect this change. The following supplies and equipment are needed to set up the TI offices:

Copier (lease)*	$1,800
Fax Machine*	$2,000
Computers (2) (lease)*	$1,500
General Office Supplies	$1,000

(* to be budgeted as equipment)

5. Reproduction/Mail Services - The $2,500 request will fund postage ($1,800), printing of letterhead and envelopes ($200), and reproduction services for the TI Re-Use Plan and other reports ($500).

Please call me at 554-4082 if you need further clarification on any of these items.

c: Larry Florin, Director of Base Conversions
Mike Martin, Mayor's Office

401 VAN NESS AVENUE, ROOM 336, SAN FRANCISCO, CALIFORNIA 94102
(415) 554-6141
RECYCLED PAPER

MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, OCTOBER 9, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:11 P.M.

RELEASE OF RESERVES

1. File 100-96-1.2. [Reserved Funds, Department of Human Resources] Consideration of release of reserve, Department of Human Resources, in the amount of $80,000 for the purchase of new furniture and equipment for the Worker's Compensation Division (displaced employees at 1155 Market Street). (Department of Human Resources)

   (Consideration continued from 10/2/96)

   SPEAKERS: None.

   ACTION: HEARING HELD. AMENDED. REDUCE RELEASE OF RESERVE TO $79,341. APPROVED AS AMENDED. FILED.

   VOTE: 3-0.

2. File 101-92-33.8. [Reserved Funds, Fire Department] Consideration of release of reserve, Fire Department (1986 Fire Portection Bond Fund), in the amount of $147,791.50 for the purpose of purchasing and installing one (1) emergency genereator at Fire Station No. 28, 1814 Stockton Street; and at Fireboat Headquarters, Pier 22-1/2. (Fire Department)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. RELEASE OF $147,791.50 APPROVED. FILED.

   VOTE: 3-0.

3. File 148-92-7.10. [Reserved Funds, Fire Department] Consideration of release of reserve, Fire Department (State Hazard Mitigation Grant from FEMA), in the amount of $50,282.22, for the purpose of purchasing and installing one (1) emergency generator at Fire Station No. 28, 1814 Stockton Street, the Bureau of Equipment, 1415 Evans Street, and at Fireboat Headquarters, Pier 22-1/2. (Fire Department)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF $50,282.22 APPROVED. FILED.

VOTE: 3-0.

FISCAL

4. File 101-96-12. [Appropriation, Fire Department] Ordinance appropriating $14,233,588, Fire Department, of 1992 Fire Protection Bond proceeds to capital improvement projects for project management, architectural, engineering, construction, real estate and disruption expenses at Fire Department and Public Works for fiscal year 1996-97. (Controller) RO #96053

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO OCTOBER 16, 1996, MEETING.

VOTE: 3-0.

5. File 161-96-4.1. [Redevelopment Agency Budget] Resolution approving an amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 1996-97. (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Ted Lakey, Deputy City Attorney; Harvey Rose, Budget Analyst; Gail Goldman, Redevelopment Agency. IN SUPPORT: Linda Corso. OPPOSED: None.

VOTE: 3-0.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Amend title after "1996-97" to add the following: "by amending the budget to provide for the expenditure of $474,205 for consultant and support services for the Mid-Market Redevelopment Survey Area". FURTHER AMENDED. Place $150,000 on reserve for preparing the Concept Plan and pending the submission of the names of the respondents to the RFQ and the MBE/WBE status of the consultants. AMENDED TITLE: "Approving an amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 1996-97 by amending the budget to provide for the expenditure of $474,205 for consultant and support services for the Mid-Market Redevelopment Survey Area; placing $150,000 on reserve."

VOTE: 3-0.

GENERAL

6. File 10-96-7. [Street Occupancy Fee Waiver] Resolution waiving the standard fee under Public Works Code Section 724.7 for the temporary use and occupancy of the northerly side of Hayes Street by the San Francisco Opera's construction of a loading dock. (Supervisors Bierman, Alioto, Teng, Brown)

(FISCAL IMPACT DETERMINATION)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Michael Salvage, Managing Director, S.F. Opera. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (Add Supervisors Kaufman and Hsieh as co-sponsors.)

VOTE: 3-0.

7. File 42-96-3. [Waiving Street Closing Fees] Resolution waiving all City fees for "Fiesta on the Hill" for 1995 and 1996 including fees assessed by the Police Department, the Department of Parking and Traffic, the Municipal Railway and the Fire Department charged to the "Fiesta on the Hill" and requesting all City departments to cooperate with 1996 fiesta organizers to assist in making it a success. (Supervisors Ammiano, Bierman)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Harvey Quan, Department of Parking and Traffic; Captain Edward Decondo, S.F. Police Department; Ted Lakey, Deputy City Attorney; Sharon Delusochi; Mike Housh, representing Supervisor Ammiano. IN SUPPORT: None. OPPOSED: None.

   VOTE: 3-0.

   ACTION: HEARING HELD. RECOMMENDED.

TIME MEETING ADJOURNED: 1:55 P.M.

0.07

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 4, 1996

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: October 9, 1996, 1996 Budget Committee Meeting

Item 1 - File 100-96-1.2

Note: This item was continued by the Budget Committee at its meeting of October 2, 1996.

Department: Human Resources Department (HRD)
Workers Compensation Division (WCD)
Health Services Division (HSD)

Item: Request to release reserved funds in the amount of $80,000 for the purchase of new furniture and equipment for the Workers Compensation and Health Services Divisions of the Human Resources Department.

Amount: $80,000

Source of Funds: General Fund - Reserved monies in the Human Resources Department's FY1996-97 budget

Description: The Human Resources Department (HRD) is requesting that reserved funds in the amount of $80,000 be released to purchase new furniture and equipment for its Workers Compensation Division (WCD) and its Health Services Division (HSD) that are being relocated from 1155 Market Street to 1145 Market Street (2nd and 7th floors).

Comments:

1. Ms. Rachel Robbins of the HRD reports that the WCD's and HSD's current location at 1155 Market Street (3rd floor) consists of three areas: 1) 30 built-in workstations, each of which consists of a built-in desk, a computer terminal workspace and a removable chair; 2) 50 cubicles, each of which consists of a desk and a chair; and 3) a central office area, which consists of (a) built-in shelving units and filing cabinets and (b) central filing and storage units, which house the WCD's and HSD's caseload files. Additionally, Ms. Robbins reports that this space also includes a conference room which consists of a conference table, approximately 20 chairs and two built-in whiteboards.

2. Ms. Robbins reports that 50 desks and 28 chairs from the 50 cubicles and 12 of the 30 workstation chairs will be moved to 1145 Market Street. According to Ms. Robbins, 22 chairs from the cubicles and 18 of the workstation chairs, for a total of 40 chairs, will be replaced because they are not ergonomically structured. Ms. Robbins advises that the 30 built-in workstations and built-in shelving units and filing cabinets cannot be removed and will remain at the 1155 Market Street site. In addition Ms. Robbins advises that the central filing and storage units, which house the WCD's and the HSD's caseload files, will need to be replaced. According to Ms. Robbins, the two built-in whiteboards (similar to chalkboards) in the conference room cannot be removed and will also remain at the 1155 Market Street site. Furthermore, according to Ms. Robbins, the conference room chairs are structurally unsound and need to be replaced.

3. As such, the HRD is proposing to purchase the following replacement items: a) a total of 73 computer tables (50 tables for the cubicles and 23 tables for a computer pool area); b) 40 new ergonomic chairs; c) 30 workstation desks, d) shelving units and filing cabinets; d) partitions for cubicles, e) filing and storage units for the WCD's and HSD's caseload files, f) two conference room whiteboards and 20 conference room chairs, and g) lunchroom furnishings for two spaces set aside for employee lunchrooms that consist of 7 folding tables and 16 chairs. Finally, Ms. Robbins advises that the WCD is purchasing a new fax machine because the WCD shared one fax with the HSD since both Divisions were located on the same floor at the 1155 Market Street site. The WCD and the HSD will be on separate floors at the 1145 Market Street site.

4. Attachment 1 is a letter from the HRD that further explains the Department's needs for the proposed furnishings and equipment at 1145 Market Street.

5. Attachment 2 is a listing, as prepared by the HRD, of the items to be purchased along with the cost details, totaling $79,341. As previously noted, $80,000 was reserved by the Budget Committee for such furniture and equipment in the FY 1996-97 budget of the Human Resources Department.

Recommendation: Approve the release of reserved funds in the amount of $79,341.

Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

To: Michele Sampogna, Budget Analyst for the Board of Supervisors

From: Rachel Robbins, DHR Budget Manager

RE: FY 1996-97 Release of Reserves Questions

Date: October 2, 1996

Update

The lease for property rental by the Health Services and Workers' Compensation Divisions of DHR has expired. At the time the original budget was being prepared a different lease was being negotiated. Given the new lease, both units will be moving to a new location rather than just one portion of the WCD staff relocating to another floor within the same building. Due to this change, items needed to successfully utilize the new facility fall more under the category of Office Supplies rather than "Equipment." Both units will be moving from their present location at 1155 Market Street, 3rd floor to 1145 Market Street, 2nd and 7th floor during the last week of December 1996.

New Equipment

Although the majority of employee workstations will be moved from their current locations to the new building, there are many work areas at the current site which are "built-in" and cannot be taken to the new location. The upcoming move will require the following new equipment needs:

1. Workstations

a. (30) desks are to be obtained from the Central Warehouse (cost $400)

b. (73) NEW small computer tables (desks from Warehouse cannot accommodate adequate work space for computer terminals and current workstations are not VDT compliant)

c. (40) Chairs - ergonomic chairs for employees using either broken or non-ergonomic chair

2. Basic Office Equipment

a. Medical File Storage (HSS & WCD Files) - for approx. 2,000 lineal feet
(84) 7-high lateral file shelves (no doors)

b. Employee Files (for workstations) -
(60) 2-high vertical file cabinets
(8) 4 -high vertical file cabinets

c. Bookcases (for employee workstations/file room)
(10) 2-shelf bookcases (for employee offices)
(14) 4-shelf bookcases (for file room)

4. Miscellaneous Items

a. Folding Tables: for lunch rooms; copy rooms, supplies room
(2) 96" X 30"
(5) 72" X 30"

b. Chairs: for lunch rooms; front area
(16) stackable chairs

c. Partition Paneling: to create "cubicle" work space for 22 employees on the 2nd Floor
(14) 72" wide panels
(22) 48" wide panels

d. Conference Room:
1. (2) White Boards for meeting presentations

2. (20) Task Ergonomic chairs (current chairs are all broken)

e. (1) FAX machine - high volume for WCD staff located on 7th floor

f. (4) Interview stations for HSS reception area: estimate from Fitschen and Assoc. , Project Architects.

All vendors are CCSF contracted vendors with the Purchaser's Office for FY 1996-97. Because unit prices are below $1,000 for most items, they are not technically "equipment." For all items, please see attached list for specific model numbers, unit prices and vendor information.

ATTACHMENT 2 10/04/96

HSS & WCD Equipment List for Move to 1145 Market Street

Note: All vendors are CCSF contracted vendors with the Purchaser's Office for FY 1996-97. Because unit prices are below $1,000 for most items, they are not technically "equipment." At the time the original budget was being prepared a different lease was being negotiated. Given the new lease, both units at 1155 Market Street will be moving to a new location rather than just one portion of the WCD staff relocating to another floor within the same building. Due to this change, items needed to successfully utilize the new facility fall more under the category of Office Supplies rather than "Equipment."

Health Services & Workers' Comp.

	Vendor	Unit Price	Item No.	Quantity	Cost

HSS & WCD Equipment List for Move to 1145 Market Street

Note: All vendors are CCSF contracted vendors with the Purchaser's Office for FY 1996-97. Because unit prices are below $1,000 for most items, they are not technically "equipment." At the time the original budget was being prepared a different lease was being negotiated. Given the new lease, both units at 1155 Market Street will be moving to a new location rather than just one portion of the WCD staff relocating to another floor within the same building. Due to this change, items needed to successfully utilize the new facility fall more under the category of Office Supplies rather than "Equipment."

Health Services & Workers' Comp.

	Vendor	Unit Price	Item No.	Quantity	Cost
Employee Workstations					
Desks - Central Warehouse, CCSF		N/A		30	$400.00
Computer Tables					
Vogel Peterson, 24" X 30" w/ shelf	Office Depot	$181.40	91594	73	$13,242.20
File Cabinets - Medical File Room					
2-High Vertical Files, Letter	Office Depot	$124.90	989-426	60	$7,494.00
4-High Vertical Files, Letter	Office Depot	$169.99	989-442	8	$1,359.92
7-High Lateral Files, No drawer	Office Depot	$245.46	989-244	85	$20,864.10
Bookcases, 2 shelf	Office Depot	$99.99	988-634	10	$999.90
Bookcases, 4 shelf	Office Depot	$163.20	988-691	14	$2,284.80
Other/Misc.-Conference Rooms					
Folding Table, 96" X 30"	Office Depot	$102.99	710-111	2	$205.98
Folding Table, 72" X 30"	Office Depot	$79.99	709-022	5	$399.95
Chairs	Office Depot	$32.34	902-726	16	$517.44
Partition Panels, 72" wide	Office Depot	$118.52	530-311	14	$1,659.28
Partition Panels, 48" wide	Office Depot	$90.03	530-329	22	$1,980.66
Conference Room White Board	Office Depot	$261.80	918-847	2	$523.60
Conference Room Chairs	Just Chairs	$199.35	675-AB-01-03	20	$3,987.00
FAX Machine, Panafax 744	AAA Business Mach	$1,595.00	N/A	1	$1,595.00
Ergonomic Chairs, Reimers	Just Chairs	$241.06	637-AB-01-03	40	$9,642.40
Interview Workstations - HSS side	Haworth	$1,500.00	N/A	4	$6,000.00
Subtotal					$73,156.23
California Sales Tax @ 8.5%					$6,184.28
Grand Total					$79,340.51

Sales tax computed without the costs of the desks.

Revised

Items 2 and 3 - Files 101-92-33.8 and 148-92-7.10

07

Departments: Fire Department
Department Public Works (DPW)

Items: Item 1, File 101-92-33.8 - Release of reserved funds for the Fire Department, in the amount of $147,791.50, for the purchase and installation of three emergency generators, (a) one at Fire Station #28 located at 1814 Stockton Street, (b) one at the Bureau of Equipment, 1415 Evans Street and (c) one at Fireboat Headquarters, Pier 22 1/2 at the Port.

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Item 2, File 148-92-7.10 - Release of reserved funds for the Fire Department, in the amount of $50,282.22, for the purchase and installation of three emergency generators, (a) one at Fire Station #28 located at 1814 Stockton Street, (b) one at the Bureau of Equipment, 1415 Evans Street and (c) one at Fireboat Headquarters, Pier 22 1/2 at the Port.

Amount and Source of Funds:

$147,791.50	-	1986 Fire Protection Bond funds
50,282.22	-	State Hazard Mitigation Grant funds
$198,073.72		Total

Description: In November of 1986, San Francisco voters approved the issuance of $46.2 million in Fire Protection Bonds to finance improvements to the City's fire protection system. In February of 1993, the Board of Supervisors approved legislation appropriating $1,191,769 in 1986 Fire Protection Bond funds and placing $623,350 of the $1,191,769 on reserve for emergency generators pending the selection of contractors, the MBE/WBE status of the contractors and contract cost details (File 101-92-33).

In September of 1992, the Board of Supervisors approved a resolution authorizing the DPW to accept and expend a State Hazard Mitigation Grant in the amount of $500,000 for purchasing and installing emergency generators. At the same time the Board placed the entire amount on reserve pending the selection of contractors, the MBE/WBE status of the contractors and contract cost details (File 148-92-7).

The Fire Department is now requesting that $147,791.50 in remaining reserved 1986 Fire Protection Bond funds (File 101-92-33.8) and $50,282.22 in reserved State Hazard Mitigation Grant funds (File 148-92-7.10), for a total of $198,073.72, be released from reserve. The $198,073.72

would be used to pay for a portion of the total cost of $439,939.93 to purchase and install three emergency generators, one of which would be installed at Fire Station #28, located at 1814 Stockton Street, the second of which would be installed at the Bureau of Equipment, 1415 Evans Street and the third of which would be installed at Fireboat Headquarters, Pier 22 1/2 at the Port.

The Fire Department reports that the total cost to purchase and install the three emergency generators is $439,939.93 or $241,866.21 more than the total requested $198,073.72. The Fire Department advises that the balance of $241,866.21 will be paid for by $85,674.98 in previously appropriated 1986 Fire Protection Bond funds and $156,191.23 in previously allocated Hazard Mitigation Grant funds. Attachment I, provided by the Fire Department, is a detailed budget for the total $439,939.93 cost to purchase and install the three emergency generators.

The DPW reports that, through its Invitation for Bids process, the DPW has selected LC Electric, Inc., based on the low bid amount of $328,000, to perform the necessary construction work for the installation of the three emergency generators. LC Electric, Inc. is an MBE firm. Attachment II, provided by the DPW, is a listing of the all the firms which submitted bids, along with the bid amounts, the MBE/WBE status of the firms, and a list of the subcontractors including subcontract amounts, and the MBE/WBE status of the subcontractors.

Recommendation: Approve the requested release of reserved funds in the total amount of $198,073.72 ($147,791.50 plus $50,282.22).

Items 2 and 3 - Files 101-92-33.8 and 148-92-7.10

Departments: Fire Department
Department Public Works (DPW)

Items: Item 1, File 101-92-33.8 - Release of reserved funds for the Fire Department, in the amount of $147,791.50, for the purchase and installation of two emergency generators, (a) one at Fire Station #28 located 1415 Evans Street and (b) one at Fireboat Headquarters, Pier 22 1/2 at the Port.

Item 2, File 148-92-7.10 - Release of reserved funds for the Fire Department, in the amount of $50,282.22, for the purchase and installation of two emergency generators, (a) one at Fire Station #28 located 1415 Evans Street and (b) one at Fireboat Headquarters, Pier 22 1/2 at the Port.

Amount and Source of Funds:

$147,791.50	-	1986 Fire Protection Bond funds
50,282.22	-	State Hazard Mitigation Grant funds
$198,073.72		Total

Description: In November of 1986, San Francisco voters approved the issuance of $46.2 million in Fire Protection Bonds to finance improvements to the City's fire protection system. In February of 1993, the Board of Supervisors approved legislation appropriating $1,191,769 in 1986 Fire Protection Bond funds and placing $623,350 of the $1,191,769 on reserve for emergency generators pending the selection of contractors, the MBE/WBE status of the contractors and contract cost details (File 101-92-33).

In September of 1992, the Board of Supervisors approved a resolution authorizing the DPW to accept and expend a State Hazard Mitigation Grant in the amount of $500,000 for purchasing and installing emergency generators. At the same time the Board placed the entire amount on reserve pending the selection of contractors, the MBE/WBE status of the contractors and contract cost details (File 148-92-7).

The Fire Department is now requesting that $147,791.50 in remaining reserved 1986 Fire Protection Bond funds (File 101-92-33.8) and $50,282.22 in reserved State Hazard Mitigation Grant funds (File 148-92-7.10), for a total of $198,073.72, be released from reserve. The $198,073.72 would be used to pay for a portion of the total cost of $439,939.93 to purchase and install two emergency generators, one of which would be installed at Fire Station #28, located at 1415 Evans Street and the second of which

would be installed at Fireboat Headquarters, Pier 22 1/2 at the Port.

The Fire Department reports that the total cost to purchase and install the two emergency generators is $439,939.93 or $241,866.21 more than the total requested $198,073.72. The Fire Department advises that the balance of $241,866.21 will be paid for by $85,674.98 in previously appropriated 1986 Fire Protection Bond funds and $156,191.23 in previously allocated Hazard Mitigation Grant funds. Attachment I, provided by the Fire Department, is a detailed budget for the total $439,939.93 cost to purchase and install the two emergency generators.

The DPW reports that, through its Invitation for Bids process, the DPW has selected LC Electric, Inc., based on the low bid amount of $328,000, to perform the necessary construction work for the installation of the two emergency generators. LC Electric, Inc. is an MBE firm. Attachment II, provided by the DPW, is a listing of the all the firms which submitted bids, along with the bid amounts, the MBE/WBE status of the firms, and a list of the subcontractors including subcontract amounts, and the MBE/WBE status of the subcontractors.

Recommendation: Approve the requested release of reserved funds in the total amount of $198,073.72 ($147,791.50 plus $50,282.22).

SFFD Emergency Generators - HMGP110
Projected Funding for Fire Sta. 28, Bureau of Equipment and Fireboat Headquarters

Funding Source

Ordinance No. 64-93	$147,791.50	Current Request
1986 Fire Protection Bond	85,674.98	Available
Resolution No. 812-92	50,282.22	Current Request
Hazard Mitigation Grant	156,191.23	Available in Project 7216E
Total	$439,939.93	

Expenditure Plan

Construction, FS 28, Bu. Eq. & FB Hdqtr	328,000.00
Construction Contingency	32,800.00
Electric Service (By PG&E via PUC)	7,700.00
Permits (BCDC, DBI)	5,452.22
Labor (See Breakdown Below)	65,987.71
Total Project Cost	$439,939.93

Labor Breakdown

Class	Title	Cost/Hour	Hour	Cost
	DPW Bureau of Engineering			
5206	Assoc. Civil Engineer	29.85	46	$1,373.10
5236	Assist. Electrical Engineer	25.18	132	3,323.76
5238	Assoc. Electrical Engineer	23.88	40	955.20
5242	Senior Electrical Engineer	39.99	12	479.88
5256	Mechanical Engineer	34.55	13	449.15
5506	Project Manager III	42.26	110	4,648.60
	Mandatory Fringes and Overhead (BOE)			12,695.17

Class	Title	Cost/Hour	Hour	Cost
	DPW Bureau of Construction Management			
1312	Public Information Officer	28.15	50	$1,407.50
5206	Assist. Civil Engineer	29.85	4	119.40
5208	Civil Engineer	34.55	69	2,383.95
5305	Materials Testing Lab. Technician	21.425	117	2,506.73
6318	Construction Inspector	34.075	356	12,130.70
Various	Clerks and Secretaries	17.80(Avg.)	70	1,246.00
	Mandatory Fringes and Overhead			22,268.57
	Total Labor			$65,987.71

City and County of San Francisco

Department of Public Works

Tabulation of Bids

Attachment

SPECIFICATION NO.:	7216EB
TITLE:	Various Fire Department Facilities Emergency Generators for Hazard Mitigation Contract B.
BIDS RECEIVED:	07/24/96

BIDDERS:			Base Bid
	LC Electric, Inc.	MBE/LBE	**328,000**
	Mike Brown Electric	No pref.	331,000
	Angotti & Reilley, Inc.	LBE	362,539
	Kingston Constructors	LBE	405,500
		Average Bid:	356,760
		Engineer's Estimate:	350,000
		% of Engineer's Estimate:	102%

APPARENT LOW BIDDER: **LC Electric, Inc.**
1555 Yosemite Avenue, #44
San Francisco, CA 94124 Tel. (415) 822-6306

SUBCONTRACTORS:

		MBE/WBE	
Marinship	Concrete work	MBE	40,700
Energy Systems	Generator	No	98,280
Empire Electric	Electrical	MBE	30,000

cc:		
	Robert Jew	Helen Lui
	Mark Primeau	DPW Accounting
	Linda Chin	Don Eng
	Harlan Kelly	Foon Chow
	Mike Quan	Nelson Wong
	All Bidders	Bob Swanstrom

IC:ic
24-Jul-96

Item 4 - File 101-96-12

Department: Fire Department (SFFD)

Item: Supplemental appropriation ordinance appropriating $14,233,588 of 1992 Fire Protection Bond proceeds for capital improvement projects, including expenditures for project management, architectural, engineering, construction, real estate and disruption costs of the Fire Department and the Department of Public Works.

Amount: $14,233,588

Source of Funds: 1992 Fire Protection Bond Proceeds

Description: In November of 1992, the voters approved Proposition C, General Obligation Fire Protection Bonds totaling $40,800,000 to finance improvements related to various Fire Department (SFFD) facilities.

On June 26, 1996, $14,285,000 in Proposition C Fire Improvement Bonds were sold by the City, which was the final amount under this bond issue (File 170-96-5). These bonds were sold to provide financing for architectural and engineering services and construction costs in connection with the rehabilitation (including seismic upgrades, providing private restroom and locker room facilities for men and women, and other facility renovations) of 20 Fire Department facilities and to pay for the costs related to administration of the bond program. The proposed ordinance would appropriate the $14,233,588 from this bond sale.

Budget: In summary, the supplemental appropriation would be expended for the following items:

SFFD administration/management of the bond program	$258,283
Department of Public Works (DPW) project management and control	227,460
DPW programming, planning, architectural & engineering services & construction costs	13,652,445
SFFD disruption account (used for relocation of SFFD facilities during renovation so that emergency services are not disrupted)	87,000
Department of Real Estate costs for services associated with the Facilities Renovation Program	8,400
Total	$14,233,588

Comment: Mr. Peter Wong of the DPW Bureau of Architecture and Assistant Chief James R. Lynch of the SFFD request that consideration of the proposed supplemental appropriation be continued to the October 16, 1996 meeting of the Budget Committee, to provide the DPW and the SFFD with sufficient time to assemble further background information on the expenditure plans for the subject funds.

Recommendation: Continue consideration of the proposed supplemental appropriation to the October 16, 1996 meeting of the Budget Committee.

Item 5 - File 161-96-4.1

Department: Redevelopment Agency (SFRA)

Item: Resolution approving an amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for FY 1996-97.

Amount: $474,205

Source of Funds: 1996 Tax Increment Bond Funds

Description: On December 7, 1995 the Board of Supervisors approved a resolution designating the Mid-Market area as a Redevelopment Survey Area, in order to study the feasibility of a development effort in that area (File 291-95-1). A map of the Mid-Market survey area is shown on Attachment No. 1 to this report. Designation of this site as a survey area was the first step in completing a Redevelopment Plan and Environmental Impact Report (EIR) for the Mid-Market Area.

The FY 1996-97 SFRA budget included $175,000 for preparation of a Preliminary Redevelopment Plan for the Mid-Market Survey Area. Mr. Robert Gamble of the SFRA states that the study process has proceeded more rapidly than was anticipated at the time the FY 1996-97 budget request was submitted, and the SFRA is now ready to contract for the preparation of an EIR and a Concept Plan. (A Concept Plan involves a range of technical services including community planning, urban design, real estate analysis and public facilitation, to assist in Preparing a Redevelopment Plan for the area's future and in assessing its feasibility as a Redevelopment Project Area.) The proposed resolution would amend the FY 1996-97 SFRA budget to authorize an expenditure of $474,205 to award contracts for the EIR and the Concept Plan, as well as to fund the services of the City Planning Department, student interns, and various administrative costs (see Budget section below).

This request of $474,205 would be funded from the sale of $542,857 in Tax Increment Bonds that would be repaid from Tax Increment funds. The total cost of repaying the debt is estimated to be approximately $1,312,410, assuming an average interest rate of 7 percent per year, based on an annual payment of $43,747 for 30 years. The bonds would be repaid over the 30 year period beginning in FY 1997-98, and would extend through FY 2027-28.

Tax Increment dollars which are committed to financing Redevelopment Projects are intended to increase Property Tax revenues in a project area as a byproduct of the redevelopment activities. The use of tax increment financing reduces Property Tax revenues that would otherwise by available to the City's General Fund and other City Funds by an amount equal to approximately 65 percent of the Tax Increment expenditures.

Over the 30 year financing period for the proposed Tax Increment Bonds, the reduced Property Tax revenues to the General Fund (including special City funds such as the Open Space Fund, the Library Preservation Fund and the Children's Fund) would therefore equal approximately $853,067 (65 percent of $1,312,410). The remaining 35 percent ($459,343) would reduce Property Tax revenues that would otherwise be available to the Bay Area Rapid Transit District (BART), the Bay Area Air Quality Management District, the San Francisco Unified School District and the San Francisco Community College District.

Ms. Gail Goldman of the SFRA states that the SFRA has selected the Ogden Environmental & Energy Service Company to perform the EIR, pursuant to a Request for Qualifications (RFQ) issued by the Agency, at a total cost of $700,000. Ms. Goldman reports that Ogden Environmental & Energy Service Company is neither an MBE nor a WBE firm, but she states that approximately 19 percent of the contract, or $132,586, will be allocated to WBE subcontractors, and approximately 20 percent of the contract, or $138,958, will be allocated to MBE subcontractors. As detailed below, the proposed resolution would authorize expenditure of $175,000 of the $700,000 total contract with Ogden Environmental & Energy Service Company for the EIR. Ms. Goldman states that another $175,000 for this contract was included in the SFRA's FY 1996-97 budget. Ms. Goldman advises that the balance of $350,000 needed for this contract ($700,000 less $350,000) will be included in the FY 1997-98 SFRA annual budget.

Attachment No. 2 provided by Ms. Goldman is a list of the consultants who responded to the RFQ for the EIR, and the MBE/WBE status of the consultants. Ms. Goldman states that the consultants were not asked to submit a cost proposal in the RFQ, so bid amounts were not obtained.

Ms. Goldman advises that the Redevelopment Commission has not yet selected a consultant to prepare the Concept Plan. Therefore, the $150,000 requested for preparation of a Concept Plan should be placed on reserve pending

submission of the names of the respondents to the RFQ and the MBE/WBE status of the consultants to the Budget Committee.

Budget: Ms. Goldman reports that the proposed allocation of the requested $474,205 would be expended for the following items:

Environmental Impact Report, payments for FY 1996-97 to Ogden Environmental & Energy Service Company	$175,000
Concept Plan, consultant to be determined	150,000
City Planning Department, approximately 1,720 hours @ an average of $60 per hour for review of Preliminary Plan, Finding of Consistency with General Plan and EIR documents	103,205
Four SFRA Student Interns, estimated 3-4 months @ $12 per hour for traffic and pedestrian counts	26,000
Advertising, required notifications	20,000
Total	$474,205

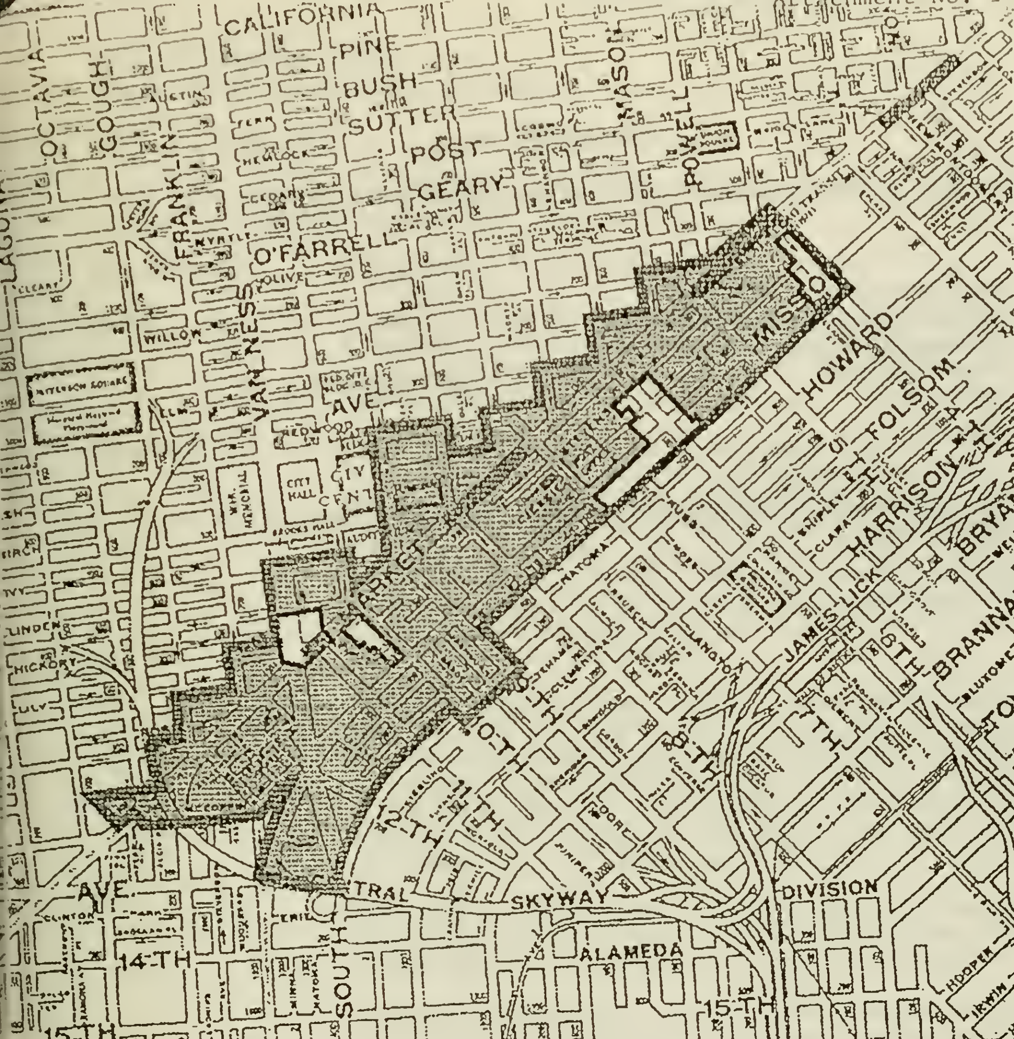
Comments: 1. When the SFRA originally requested designation of the Mid-Market area as a Redevelopment Survey Area, Mr. Gamble projected a total cost of $625,000 for preparation of the Preliminary Redevelopment Plan, the Final Redevelopment Plan and the EIR. Mr. Gamble now estimates that such costs will total $1,089,710 or $464,710 more than originally estimated. He states that the $700,000 cost of the EIR is significantly higher than the original estimate of less than $400,000, because the alternatives for replacement of the Central Freeway affect the Mid-Market Survey Area. According to Mr. Gamble, the Mid-Market Survey Area EIR will have to address every feasible alternative under consideration for replacement of the Central Freeway.

Ms. Goldman states that SFRA officials investigated the possibility of combining the Mid-Market Survey Area EIR with the environmental review that will be necessary prior to selection of a Central Freeway alternative. Ms. Goldman reports that CalTrans, rather than the City and County of San Francisco, will be responsible for obtaining such an environmental review for the Central Freeway alternative.

2. Ms. Goldman anticipates that the SFRA will request adoption of the Mid-Market Redevelopment Plan by the Board of Supervisors by March of 1998.

Recommendations: 1. Amend the proposed resolution to reserve $150,000 for preparation of the Concept Plan, pending submission of the names of the respondents to the RFQ and the MBE/WBE status of the consultants to the Budget Committee.

2. Based on the prior policy approved by the Board of Supervisors designating the Mid-Market area as a Redevelopment Survey Area, and the appropriation of funding for preparation of a Preliminary Redevelopment Plan in the FY 1996-97 Budget, approve the proposed resolution as amended.



PROPOSED MID-MARKET SURVEY AREA

SAN FRANCISCO REDEVELOPMENT AGENCY • 11-95 (TSD)

TOTAL P.01

ATTACHMENT NO. 2

List of Consultants Responding to the RFQ for EIR Consultants

Baseline Environmental Consulting	WBE
Ogden Environmental and Energy Services	
Woodward-Clyde Consultants	
Uribe & Associates	MBE (Hispanic)
EIP Associates	
ESA	

Note: 11 Statements of Qualifications were submitted. The six firms listed above were selected to be interviewed.

Item 6 - File 10-96-7

Note: This item was transferred from the September 26, 1996 Housing and Land Use Committee meeting due to Fiscal Impact.

Department: Department of Public Works (DPW)

Item: Resolution waiving the standard fee under Public Works Code Section 724.7 for the temporary use and occupancy of the northerly side of Hayes Street for the San Francisco Opera's construction of a loading dock.

Description: The San Francisco Opera as been relocated for the 1996-97 opera season from the War Memorial Opera House, located at 301 Van Ness Avenue, to the City-owned Bill Graham Civic Auditorium, located at 99 Grove Street for the period beginning July 10, 1996 through March 4, 1997, approximately eight months, during the seismic retrofitting of the War Memorial Opera House. Upon completion of the seismic retrofitting, the San Francisco Opera will return to the War Memorial Opera House.

The Board of Supervisors previously approved a resolution (File 10-96-6) granting revocable permission to the San Francisco Opera Association to temporarily close and occupy the northerly sidewalk and a portion of the street area on Hayes Street, between Polk and Larkin Streets, for the purpose of constructing a loading dock to load and unload equipment used by the San Francisco Opera.

The DPW advises that the San Francisco Opera has paid DPW a $500 permit processing fee for DPW's review of the permit application and inspection of the Hayes Street site.

The DPW reports that in addition to the permit processing fee, the San Francisco Opera Association is required to pay a non-refundable fee of $66,000 for temporary street occupancy, pursuant to Section 724.7 of the Public Works Code. Under Section 724.7, any person seeking to close off more than 1/3 of the roadway width and more than 1/2 of the sidewalk width must pay for an additional temporary street occupancy permit. Section 724.8 of the Public Works Code authorizes the Director of Public Works to determine the amount of such permit fees based upon the square footage of the area to be occupied. Section 724.7 provides that the Board of Supervisors may waive payment of such permit fees, if the Board finds that the issuance of a permit will benefit the public.

Under DPW's policies, the permit fees to be paid per square foot of space occupied is as follows: (1) $40 per square foot for any City area zoned for buildings 80 feet in height or greater, and (2) $10 per square foot for any City area zoned for buildings less than 80 feet in height.

The DPW advises that the Hayes Street site, to be occupied by the San Francisco Opera, is located in an area zoned for buildings 80 feet in height or greater. The DPW, reports that the space to be occupied is approximately 1,650 square feet. Based on 1,650 square feet, the amount of the fee to be paid by the San Francisco Opera House for the temporary occupancy permit is $66,000 (1,650 sq. ft. times $40).

The proposed resolution would waive the San Francisco Opera's payment of the $66,000 temporary occupancy permit fee, to cover one full year of occupancy.

According to the San Francisco Opera Association, the San Francisco Opera is requesting waiver of this fee because (1) in addition to the San Francisco Opera, the construction of a loading dock would benefit other occupants of the City-owned Bill Graham Civic Auditorium, and (2) because the closure of the Central Freeway is interfering with the San Francisco Opera's ability to effectively use the loading dock area because traffic that would otherwise use the closed freeway is being diverted, in part, to Hayes Street.

Comments:

1. Ms. Denise Brady of the DPW advises that the permit fee of $66,000 to cover one full year of occupancy, if not waived, would accrue to the General Fund. As noted above, the San Francisco Opera has already paid the $500 permit processing fee.

2. Mr. Glenn Plott, Director of Production for the San Francisco Opera Association advises that the cost of construction of the loading dock is approximately $20,000 to be paid for by the San Francisco Opera Association.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 7 - File 42-96-3

Item: Resolution waiving all City fees for Fiesta on the Hill for 1995 and 1996 including fees assessed by the Police Department, the Department of Parking and Traffic, the Municipal Railway and the Fire Department charged to the Fiesta on the Hill and requesting all City departments to cooperate with 1996 Fiesta on the Hill organizers to assist in making this event a success.

Description: Fiesta on the Hill is an annual celebration and fund-raiser, which is sponsored by the Bernal Heights Neighborhood Center. The Bernal Heights Neighborhood Center is a non-profit community-based organization which provides community development, senior and youth services to the Bernal Heights neighborhood. Fiesta on the Hill is currently scheduled to occur on Cortland Avenue between Bennington Street and Ellsworth Street on Saturday, October 19, 1996 from 10:00 a.m. to 6:00 p.m. The event includes the sale of food and non-alcoholic drinks, music, entertainment and exhibits.

The proposed resolution would waive all fees assessed by City departments for the Fiesta on the Hill for 1995 and 1996. The fees are based on the recovery of the City's costs, in accordance with the Temporary Use of Streets for Street Fairs (Section 2.70-6) in the City's Administrative Code. The 1995 fees that have been assessed by the City are as follows:

	1995
Municipal Railway	$769.10
Fire Department	129.00
Parking and Traffic	400.00
Total	$1,298.10

The fees are usually assessed after the event. Therefore, the 1996 fees have not yet been determined, although the fees are estimated to be $769.10, for the Municipal Railway, $292.28 for the Fire Department and no fees for the Department of Parking and Traffic, for projected total 1996 City fees of $1,061.38. Overall, the proposed resolution would waive an estimated total of $2,359.48 of City fees for 1995 and 1996. According to Mr. Mauricio

Vela, the Director of the Bernal Heights Neighborhood Center, none of these fees have been paid to the City.

Comments:

1. According to Mr. Vela, the upcoming 1996 Fiesta on the Hill will be the eighth year that the event has been held. Prior to 1995, the Fiesta on the Hill was held at the Bernal Playground and did not result in the City incurring temporary street closing fees. Therefore, fees prior to 1995 had not been charged by the City.

2. Mr. Vela further reports that the 1996 costs to sponsor the Fiesta on the Hill event, which are paid by the Bernal Heights Neighborhood Center, a non-profit agency, are approximately $22,000, including costs for entertainment, stages, publicity, staffing, City permits (Health and Police), utilities, insurance, security, signs, dumpsters, janitorial, and portable toilets. This amount of $22,000 does not include any of the above-noted City fees. According to Mr. Vela, the Fiesta on the Hill event is intended to be a fund-raiser for the Bernal Heights Neighborhood Center. In 1995, the Bernal Heights Neighborhood Center received a total of approximately $27,000 in gross revenues, or approximately $5,000 in net revenues, not including the City's fees. As previously noted, to date, the Bernal Heights Neighborhood Center has not paid the 1995 or 1996 fees.

3. Although the proposed legislation includes waiving Police Department fees, the Police Department has not assessed fees in 1995 or 1996 for the Fiesta on the Hill. According to Lieutenant Carlson of the Police Department, the Ingleside District Station provided Police Department services for the Fiesta on the Hill prior to 1995, when the event was held in Bernal Playground, without charge. Given the nature of the event, the history of the Ingleside District Station with this event and the limited ability of the Bernal Heights Neighborhood Center to pay, Lieutenant Carlson reports that the Police Department did not assess Police Department fees for the Fiesta on the Hill in 1995 or 1996.

4. Mr. Burk Delventhal of the City Attorney's Office advises that the Board of Supervisors has the authority to waive these City department fees, which would otherwise accrue to the City's General Fund.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Mike Martin
Paul Horcher
Ted Lakey

SF
B90.07
#2
/16/96

MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, OCTOBER 16, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:14 P.M.

1. File 101-96-12. [Appropriation, Fire Department] Ordinance appropriating $14,233,588, Fire Department, of 1992 Fire Protection Bond proceeds to capital improvement projects for project management, architectural, engineering, construction, real estate and disruption expenses at Fire Department and Public Works for fiscal year 1996-97. (Controller) RO #96053

(Consideration continued from 10/9/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Frank Scales, Assistant Deputy Chief, Fire Department; Peter Wong, Bureau of Architecture, Department of Public Works. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add a Section 2, placing a reserve of $7,864,100 pending the submission to the Budget Committee the MBE/WBE status of the contractor and contract cost details; to be released by the Budget Committee. Add a Section 3, to provide for ratification of action previously taken. AMENDED TITLE: "Ordinance appropriating $14,233,588, Fire Department, of 1992 Fire Protection Bond proceeds to capital improvement projects for project management, architectural, engineering, construction, real estate and disruption expenses at Fire Department and Public Works for fiscal year 1996-97. Placing a reserve of $7,864,100 and providing for ratification of action previously taken."

VOTE: 3-0.

2. File 71-96-1. [Local Agency Military Base Recovery Area] Resolution authorizing the Redevelopment Agency of the City and County of San Francisco to apply to the State of California for designation of Hunters Point Naval Shipyard as a Local Agency Military Base Recovery Area. (Supervisor Shelley)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Kevin Shelley; Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (Supervisors Kaufman, Bierman and Hsieh requested to be added as co-sponsors.)

VOTE: 3-0.

3. File 13-96-32.2. [Impact of Block Grants and Welfare Reform] Hearing to consider the impact of Block Grants and Welfare "Reform" on San Francisco's low income children, youth and families, and to consider action that can be taken at the local level to protect the public safety net; to consider the findings and recommendations of a report prepared by Coleman Advocates for Children and Youth, in collaboration with over a dozen community groups including Family Rights and Dignity, California Food Policy Advocates, the Coalition for Immigrant and Refugee Rights, San Francisco State School of Social Work, San Francisco Children's Council, Health Initiatives for Youth, California Childcare Resource and Referral Network, Center on Juvenile and Criminal Justice, the Women's Foundation, and Community United for Equality. (Supervisors Bierman, Katz)

(Consideration continued from 09/11/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Judy Gray, Department of Human Services; David Ishida, Executive Director, Commission on the Aging; Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR.

VOTE: 3-0.

TIME MEETING ADJOURNED: 1:44 P.M.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 11, 1996

TO: Budget Committee

FROM: Budget Analyst Recommendations for meeting of

SUBJECT: October 16, 1996 Budget Committee Meeting

Item 1 - File 101-96-12

Note: This item was continued by the Budget Committee at its meeting of October 9, 1996.

Department: Fire Department (SFFD)

Item: Supplemental appropriation ordinance appropriating $14,233,588 of 1992 Fire Protection Bond proceeds for capital improvement projects, including expenditures for project management, architectural, engineering, construction, real estate and disruption costs of the Fire Department and the Department of Public Works.

Amount: $14,233,588

Source of Funds: 1992 Fire Protection Bond Proceeds

Description: In November of 1992, the voters approved Proposition C, General Obligation Fire Protection Bonds totaling $40,800,000 to finance improvements related to various Fire Department (SFFD) facilities.

On June 26, 1996, $14,285,000 in Proposition C Fire Improvement Bonds were sold by the City, which was the final amount under this bond issue (File 170-96-5). These bonds were sold to provide financing for architectural and engineering services and construction costs in connection with the rehabilitation (including seismic upgrades, providing private restroom and locker room facilities for men and women, and other facility renovations) of 20 Fire Department facilities and to pay for the costs related to administration of the bond program. The proposed ordinance would appropriate the $14,233,588 from this bond sale.

Budget: In summary, the supplemental appropriation would be expended for the following items for the period from 1996 to 1999:

SFFD administration/management of the bond program	$258,283
Department of Public Works (DPW) project management and control	227,460
DPW programming, planning, architectural & engineering services, construction management services & construction costs	13,652,445
SFFD disruption account (used for relocation of SFFD facilities during renovation so that emergency services are not disrupted)	87,000
Department of Real Estate costs for services associated with the Facilities Renovation Program	8,400
Total	$14,233,588

Attachment No. 1 to this report provides a further breakdown of such costs, including (1) the estimated staff time for costs related to SFFD management of the bond program and (2) DPW project management and control, and (3) the allocation for DPW programming, planning, architectural, engineering and construction costs for the 20 facility projects.

Comments: 1. Mr. Peter Wong of the DPW Bureau of Architecture states that the $13,652,445 for DPW programming, planning, architectural, engineering, construction management services and construction costs for the 20 facility projects includes (1) $2,222,909 for programming and planning, architectural and engineering, construction management, testing and inspection, and permit fees; (2) $589,900 for asbestos survey work; and (3) 10,839,636 for construction. According to Mr. Wong, all programming/planning, architectural/engineering and asbestos survey work will be performed on an in-house basis by the DPW. The in-house work would be performed by existing positions with funding to be work ordered from the Fire Department Improvement Bonds to pay for the staff time.

2. Mr. Wong advises that the DPW has selected construction contractors for three of the 20 facility projects. The list of

contractors who bid, their MBE/WBE status, and the amount of the bids for the following projects are attached to this report:

- Station No. 18 Renovation, Chiang C.M. Construction Inc. (MBE) selected, with bid of $1,256,683. Attachment No. 2.
- Station No. 34 Renovation, Cresei Electric, Inc. (WBE) selected with bid of $1,214,373. Attachment No. 3.
- Station No. 41 Renovation, C.H. General Contractor. (MBE) selected with bid of $1,020,350, including alternate bid elements. This proposed supplemental appropriation would fund $132,350 of this contract for the alternate elements of the bid. (Mr. Wong states that the base bid was funded in a previous supplemental appropriation.) Attachment No. 4.

The bids for the three projects listed above total $2,603,406. Mr. Wong states that, with construction contingency requirements of $372,130, the total construction expense for these three projects to be funded from the proposed supplemental appropriation is $2,975,536.

3. Mr. Wong advises that construction has already commenced on the three projects listed above. Therefore, the subject supplemental appropriation ordinance should be amended to provide retroactive authorization.

4. Mr. Wong states that the DPW has not yet selected contractors for the remaining 17 facility projects. Therefore, the balance of $7,864,100 ($10,839,636 less $2,975,536 for the three projects listed in Comment No. 2) for DPW construction costs should be reserved pending selection of contractors and submission to the Budget Committee of the names of the companies that bid, the bid amounts and their MBE/WBE status.

5. Assistant Chief James Lynch of the SFFD states that the $87,000 budgeted for the SFFD Disruption Account will be needed to relocate SFFD facilities during renovation so that emergency services are not disrupted. Attachment No. 5, provided by the SFFD, itemizes a total of $103,000 in SFFD Disruption Account expenses associated with the 20 facility projects. Assistant Chief Lynch advises that the balance of $16,000 ($103,000 less $87,000) is available from previous appropriations.

Recommendation: Amend the proposed ordinance for retroactivity and reserve $7,864,100 pending submission to the Budget Committee of the MBE/WBE status of contractors and contract cost details, and approve the proposed supplemental appropriation ordinance as amended.

DEPARTMENT OF PUBLIC WORKS
BUREAU OF ARCHITECTURE
Revised: May 3, 1996(April 22, 1996)

1992 PROPOSITION C - SAN FRANCISCO FIRE DEPARTMENT BOND PROGRAM

$14.285 MILLION THIRD-BOND SALE SUPPLEMENTAL APPROPRIATION FOR VARIOUS FIRE DEPARTMENT FACILITIES IMPROVEMENT PROJECTS.

A total of $40,800,000 in general obligation bonds were approved in November 1992 for various fire department facilities. The request funding would provide funding for DPW to continue Program Management, Project Control, Planning Process, General Architectural and Engineering Services, Construction Management Service and Construction for the rehabilitation of (20) various Fire Department facilities.

GENERAL DESCRIPTION OF FUND USE-TOTAL DPW AMOUNTING TO ~~$13,881,317~~ 13,879,905
($227,460 + ~~13,653,857.).~~ 13,652,445
(Not including Fire Departemtn Administration/Management and Disruption cost, $258,283 and $87,000, respectively: Please see enclosed SFFD attachment. Bond issuance cost of $50,000 is submitted by the CAO under a separate supplemental bond sale.)

1. DPW program Management and Project Control, from February 1997 through April 1998:

Class	Title	Monthly	Duration x Capacity	Total
5122	Asst. city Arch.	$18,000	x 15 mos x 5%	$13,500
5270	Senior Architect	14,349	x 15 mos. X 100%	213,960
			Sub-Total	**$227,460**

2. Requested remaining funds $13,653,857 to continue planning, programming, architectural engineering services and construction for the following facilities. Original budget and approved revised budget for each project is shown on enclosed Bond Sale Summary Chart.

GROUP A FACILITIES:

A. **Station #14**

DPW Hazardous Material Abatement	$71,000
Construction Management	103,000
Construction	1,546,000
Sub-Total	**$1,740,000**

B. **Station #18**

Construction	$1,297,000*
Subtotal	**$1,297,000**

(*This project is currently under construction and it's construction funds were reallocated form Fire Station 25 project which is scheduled to start construction in early 1997. This bond sale will be appropriated and reallocated to Station 25 to balance it's budget.)

Third Bond Sale Supplemental Appropriation
SFFD Bond Program
May 3, 1996

C.	**Station #19**	
	Permits/Fees/Req. Approval	$55,000
	DPW Hazardous Material Abatement	74,000
	Construction Management	98,000
	Construction	1,176,000
	Sub-Total	**$1,403,000**
D.	**Station #29**	
	DPW Programming/Planning	$48,000
	Architectural/Engineering/Project Control Services	256,000
	Permits/Fees/Req. Approval	37,000
	DPW Hazardous Material Survey/Abatement	75,000
	Construction	800,000
	Sub-Total	**$1,216,000**
E.	**Station #34**	
	Architectural/Engineering/Project Control Services	$110,964
	City Administrative Services	23,000
	Construction Management/Special inspection	151,000
	Construction/Construction Contingency	1,548,536
	Sub-Total	**$1,833,500**

(*This project is currently under construction and it's construction funds were reallocated form various Fire Station projects that are scheduled to start construction in late 1996/early 1997. This bond sale will be appropriated and reallocated to those station projects to balance their budget.)

F.	**Station #41**	
	Construction (for ALTERNATES)*	$130,000
	Sub-Total	**$130,000**

(* This project is currently under construction. Funds are needed immediately to fund the work placed under ALTERNATES.)

G.	**BUREAU OF TRAINING**		
	DPW Programming/Planning	$23,000	
	Architectural/Engineering/Project Control Services	248,000	
	Permits/Fees/Req. Approval	37,000	
	DPW Hazardous Material Survey/Abatement	74,000	
	Construction	645,000	
	Sub-Total	**$1,027,000**	
H.	**CENTRAL FIRE ALARM STATION**		
	DPW Hazardous Material Survey	~~$12,000~~	12,000
	Construction	198,000	196,588
	Sub-Total	**$210,000**	208,588
I.	**FIRE CHIEF'S QUARTERS**		
	Architectural/Engineering/Project Control Services	$10,000	
	Permits/Fees/Req. Approval	3,000	
	DPW Hazardous Material Survey/Abatement	19,000	
	Construction	58,000	
	Sub-Total	**$80,000**	

Third Bond Sale Supplemental Appropriation
SFFD Bond Program
May 3, 1996

GROUP B - FACILITIES:

J. **Station #5**

DPW Programming/Planning	$19,000
Architectural/Engineering/Project Control Services	110,000
Permits/Fees/Req. Approval	14,750
DPW Hazardous Material Survey/Abatement	28,000
Construction	305,000
Sub-Total	**$476,750**

K. **Station #6**

DPW Programming/Planning	$22,000
Architectural/Engineering/Project Control Services	136,750
Permits/Fees/Req. Approval	23,000
DPW Hazardous Material Survey/Abatement	29,000
Construction Management/Testing/Inspection	
Reallocation to Reroofing Job	71,900
Construction	300,100
Sub-Total	**$582,750***

(*Includes $71,900 previously reallocated for the reroofing work of this facility.)

L. **Station #10**

Construction	$300,000
Sub-Total	**$300,000**

M. **Station #12**

DPW Programming/Planning	$26,000
Architectural/Engineering/Project Control Services	149,600
Permits/Fees/Req. Approval	20,400
DPW Hazardous Material Survey	39,000
Construction	416,000
Sub-Total	**$651,000**

N. **Station #13**

DPW Programming/Planning	$17,000
Permits/Fees/Req. Approval	20,000
DPW Hazardous Material Survey/Abatement	39,900
Construction	376,000
Sub-Total	**$452,900**

O. **Station #20**

DPW Programming/Planning	$13,000
Architectural/Engineering/Project Control Services	57,000
Permits/Fees/Req. Approval	22,300
DPW Hazardous Material Survey/Abatement	28,000
Construction	463,000
Sub-Total	**$583,300**

Third Bond Sale Supplemental Appropriation
SFFD Bond Program
May 3, 1996

P.	**Station #22**		
	DPW Programming/Planning	$18,000	
	Architectural/Engineering/Project Control Services	~~106,000~~	109,000
	Permits/Fees/Req. Approval	10,875	
	DPW Hazardous Material Survey/Abatement	27,000	
	Construction	300,000	
	Sub-Total	~~$461,875~~	$461,875
Q.	**Station #28**		
	Permits/Fees/Req. Approval	$18,082	
	DPW Hazardous Material Survey/Abatement	20,000	
	Construction	300,000	
	Sub-Total	$338,082	
R.	**Station #32**		
	Permits/Fees/Req. Approval	$12,500	
	DPW Hazardous Material Survey/Abatement	23,000	
	Construction	270,000	
	Sub-Total	$305,500	
S.	**Station #42**		
	DPW Hazardous Material Survey/Abatement	$22,000	
	Construction Management	29,000	
	Construction	256,000	
	Sub-Total	$307,100	
T.	**FIRE BOAT HEADQUARTERS**		
	DPW Programming/Planning	$8,000	
	Architectural/Engineering/Project Control Services	72,000	
	Permits/Fees/Req. Approval	10,000	
	DPW Hazardous Material Survey	18,000	
	Construction	155,000	
	Sub-Total	$263,000	

DPW COST for all facilities (Item 2) $13,652,445

TOTAL DPW COSTS REQUESTED (Items 1 & 2): $13,~~881~~,317

13,879,905

3RDPW119/PW-BONDSALE
da 4/30/96. 5/3/96(r)

SAN FRANCISCO FIRE DEPARTMENT

FACILITY RENOVATION PROGRAM

Date: 5/1/96
To: Peter Wong, BOA
From: James R. Lynch, Assistant Chief
Subject: 3rd Bond Sale SFFD Admin. costs

According to your Bond Sale Summary, there is $261,783 left in the SFFD Administration project that will be sold in the 3rd bond sale. Listed below is the breakdown of how those funds will be spent.

						REVISED TO
1 Asst. Chief	$11,850/mo	x	13 months	=	$154,050	154,050
1 Captain	$8287	x	~~13~~ 12.5 months	=	$107,733	104,233
				Total	$261,783	$ 258,283

If you have any questions, please give me a call.

Attachment 2

TABULATION OF BIDS

ECIFICATION#: 5437A

LE: SFFD Station No. 18
Renovation
1933-32nd Avenue

IS RECEIVED: March 20, 1996

DDERS:		Base Bid	Alt#1
Chiang C. M. Construction Inc.	MBE/LBE	1,256,683	3,200
West BayBuilders Inc./D. Stewart Thompson Inc., a JV	MBE/LBE/JV10%	1,303,000	1,000
Trico Construction	WBE/LBE	1,425,748	14,250
CICO	MBE/LBE	1,482,969	25,000
A.R. Construction Co.	MBE/LBE	1,496,978	24,000
Crescl Electric Inc.	WBE/LBE	1,519,000	6,900
A. Ruiz Construction Assoc., Inc.	MBE/LBE	1,630,145	99,437
	Average Bid:	1,444,932	24,827
	Architect's Estimate:	1,300,000	Unknown
	% Architect's Estimate:	111%	

PARENT LOW BIDDER: Chiang C. M. Construction Inc.
2727 Jennings Street
San Francisco, CA 94124
Tel. (415) 822-6088

BCONTRACTORS:

C & S Ironworks	Structural of Mis Steel	12,248	Standard Cabinets & Carpe	Wood Work	40,600
City Lumber	Doors & Hardware	22,000	Mt. Diablo Flooring System	Flooring	15,727
W L Electric	Electrical	178,600	Florcon Inc.	Resilient Floor	18,000
Yum's Mechanical	Mechanical/HVAC	141,070	D & S Associates	Plumbing	146,000
Yum's Mechanical	Sheet Metal	6,000	Golden Gate Glass	Window/Glaze	7,711
CWS Concrete Wall	Hard Demolition	15,450	Alcal Roofing	Roofing	21,363
Pacific Sun Construction	Painting	27,300	D & S Associates	Fire Protection	35,200
BL Construction	Gypsum Board	60,079	CASCO	Overhead Door	10,210
Dee Hennessy	Shotcrete	9,975	City Lumber	Material Supply	85,800
Trini Chance	Demolition	36,680			

Gene Wong	Norm Karasick	Don Eng	Joe Cheung
Ann Branston	Minda Tan	DPW Accounting	Bob Swanstrom
Todd Cockburn	Mary Starkweather	Helen Lui	

:sl
Mar-96

TABULATION OF BIDS

TABULATION OF BIDS

JOB NO.: 5442A

JOB TITLE: SFFD Station No. 34 Renovation
499 - 41st Avenue

BIDS RECEIVED: April 3, 1996

BIDDERS:		Base Bid	Alt #1	Alt #2	Alt #3
Crescl Electric	WBE/LBE	1,214,373	41,551	4,015	6,000
CICO/R&W, JV	MBE/LBE/JV 10%	1,229,253	45,000	3,578	32,500
MLS Construction	MBE/LBE	1,238,000	39,385	7,500	10,380
Cueves-Mannion Construction	MBE/LBE	1,244,000	75,000	3,800	43,000
Chiang CM Construction	MBE/LBE	1,284,250	49,126	3,995	65,344
West Bay/D. Stewart Thompson, JV	WBE/LBE/JV 10%	1,331,150	45,000	4,200	10,000
A.R. Construction	MBE/LBE	1,353,142	58,400	4,294	11,160
A. Ruiz Construction	MBE/LBE	1,503,367	62,541	3,919	2,848
Average Bid.		1,299,692	51,750	4,425	22,654
Architect's Estimate:		1,300,000	55,000	1,800	3,000
% Architect's Estimate:		100%	94%	246%	755%

APPARENT LOW BIDDER: Crescl Electric
Pier 9
San Francisco, CA 94111 Tel. (415) 421-9110

SUBCONTRACTORS:		
Handypersons	Gen construction	260,276
Chen	Plumbing, fire protection	70,900
MLS	Structural demo	302,024
Byron Epp	doors	43,255
Omega	Roof	18,800
Golen State	Glazing	28,148
RH	Mechanical	141,842
Monroe	Floor	21,728

cc: Tony Leung — Gary Johnson
Ann M. Branston — Mark Primeau
Todd Cockburn — Joe Cheung
Norm Karasick — Maurice Williams
Minda Tan — Controller
Mary Starkweather

SPECIFICATION #: 5444A

TITLE: SFFD Station No. 41 Renovation

BIDS RECEIVED: 13-Mar-96

BIDDERS:

		Base Bid	Alt #1	Alt #2	Alt #3	Alt #4	Alt #5	Total	Low
Creacl Electric, INC.	WBE/LBE	880,000	59,505	N/A	7,029	29,600	87,254	1,024,288	2.
C.H. General Contractor *	MBE/LBE	888,000	78,300	N/A	7,000	16,750	33,300	1,020,350	1.
West Bay Builders Inc./Stewart Thompson, Inc., J.V.	WBE/LBE/JV 10%	933,000	60,000	N/A	6,000	18,000	16,000	1,033,000	3.
Chiang C.M. Construction	MBE/LBE	958,102	73,000	N/A	10,100	18,400	69,800		
MLS Construction	MBE/LBE	966,532	65,262	N/A	6,798	15,600	93,295		
CICO (Commercial & Interiors Construction, Inc.)	LBE	975,800	102,813	N/A	7,821	18,980	78,637		
A.R. Construction Company	MBE/LBE	982,928	83,842	N/A	10,971	11,253	80,056		
A. Ruiz Construction Co. & Assoc., Inc.	MBE/LBE	1,237,115	91,429	N/A	10,997	23,810	76,842		

Total Alt. # 134,350

	Base Bid	Alt #1	Alt #2	Alt #3	Alt #4	Alt #5
Average Bid:	975,165	78,484	N/A	8,427	18,687	65,523
Architect's Estimate:	1,087,000	74,680	N/A	9,500	27,500	92500
% Architect's Estimate:	90%	102%	N/A	89%	68%	71%

APPARENT LOW BIDDER: Creacl Electric, INC.
Pier 9 Embarcadero, #111
San Francisco, CA 94111 Tel. (415) 421-9118

SUBCONTRACTORS:

Handypersons	General Construction	170,000
Lino Larry	Flooring	19,083
Pioneer Roofing	Roofing	18,550
Byron EPD	Doors	23,481
MLS Construction	Concrete	82,501
Nichols	Demolition	63,741
CH Chan	Plumbing & Electrical	124,000
Finnez	Mechanical	98,012
P & D Demo	Demolition	30,000

To:

John Zaranovich
Ann Branston
Todd Cockburn
Norm Karasick
Minda Tan
Mary Starkweather

Gary Johnson
Mark Primeau
Joe Cheung
Maurice Williams
Controller

GC:gc 14-Mar-96

Attachment 5

SAN FRANCISCO FIRE DEPARTMENT

FACILITY RENOVATION PROGRAM

Date: October 4, 1996
To: Eve Sturnberg, Budget Analyst Office
From: James R. Lynch, Assistant Chief
Subject: Supplemental Appropriation – 3rd Bond sale of 1992 Prop. C bonds

Below is an explanation of the upcoming expenditures for the requiring additional funds in the S.F. Fire Department Disruption account. The expenditures are calculated through the end of 1997.

Fire stations scheduled for moves during above time period: 18 Stations

(Fire station #5, #10, #13, #14, #17, #18, #19, #20, #22, #25, #26, #28, #32, #34, #39, #41, #42, Bureau of Equipment)

Number of fire stations requiring one move: 13 Stations

(F.S. #5, 10, 14, 17, 18, 19, 22, 25, 28, 32, 34, 39, 41,)

Number of fire stations requiring two moves: 5 Stations

(F.S. #13, 20, 26, 42, Bureau of Equipment)

Moving expenses per move: (Approximately $1500/move x 23 moves) (Uses City's as-needed contract through the Purchasing Dept.)	$34,500
Stove rehabilitation when stations are reopened: (Approx. $750/station x 10 stations) (Uses Fire Dept. as-needed TPA account)	$7500
Temporary shelving, storage cabinets, etc. when fire companies are temporarily relocated and also when they reoccupy their own stations: (Approx. $1000/station move x 23 moves) (Uses Bureau of Building Repair personnel)	$23,000
Relocation of telephone lines, data lines, speakers: (Approx. $1000/station move x 23 moves) (Uses Dept. of Telecommunications personnel)	$23,000
Boiler rehabilitation when companies reoccupy stations: (Approx. $1500/station x 10 stations) (Uses Dept. of Telecommunications personnel)	$15,000
TOTAL	$103,000

**(Please note we approx. 17,000 remaining from previous appropriation)

ws1\doc\budanalA

Item 2 - File 71-96-1

Department: Redevelopment Agency

Item: Resolution authorizing the Redevelopment Agency of the City and County of San Francisco to apply to the State of California for designation of Hunters Point Naval Shipyard as a Local Agency Military Base Recovery Area (LAMBRA).

Description: The Hunters Point Naval Shipyard was ordered to close by the Federal Base Realignment and Closure (BRAC) Commission of 1991, under the United States Department of Defense Base Closure and Realignment Act of 1990. The Redevelopment Agency (SFRA), the designated Local Redevelopment Authority (LRA), has developed a Preliminary Redevelopment Plan for the conversion of the Hunters Point Naval Shipyard to civilian use, under the assumption that the Navy will transfer ownership of the site to the City after toxic contaminants have been removed. According to Mr. Art Hsin of the SFRA, the Federal government is responsible for removal of such contaminants, and all of the costs related thereto.

The proposed resolution would authorize the SFRA to apply to the State for designation of the Hunters Point Naval Shipyard as a Local Agency Military Base Recovery Area (LAMBRA), under State legislation (AB 693) designed to stimulate private investment, and to retain and attract businesses to selected former military bases in California. One LAMBRA Zone will be selected for each region by the State Trade and Commerce Agency from the six counties (Region II) that include San Francisco, Contra Costa, Santa Cruz, Santa Clara, Alameda and San Mateo Counties. The SFRA has already passed the preliminary application process, which established the eligibility of the Hunters Point Naval Shipyard to apply for LAMBRA Zone designation.

The LAMBRA Handbook issued by the State Office of Business Development states that LAMBRA Zones are similar to Enterprise Zones. Mr. Hsin states that the Enterprise Zone Program is a State program under which firms in designated disadvantaged areas receive a package of State and local tax credits and other non-tax credit business incentives. The incentives that would be provided by the State to businesses in the LAMBRA Zone (which are also typical of Enterprise Zones) include the following:

• 15 Year Net Operating Loss Carryover: permits businesses in the LAMBRA Zone to carryover up to 100

percent of operating losses, as opposed to 50 percent for firms outside such Zones, to reduce their tax burden and improve their cash flow in profitable years.

- State Tax Credits for Sales and Use Taxes Paid: permits businesses in the LAMBRA Zone to claim credit on their State Income Taxes for Sales and Use Taxes paid on machinery or machinery parts used for manufacturing, processing or otherwise assembling a product to control air or water pollution or produce renewable energy resources.

- State Hiring Tax Credits for Wages Paid: According to Mr. Hsin, permits businesses in the LAMBRA Zone to claim credit on State taxes for wages paid as a result of hiring qualified disadvantaged individuals or qualified displaced employees for new jobs who receive services under various Federal, State or local programs: the Job Training Partnership Act (JTPA), the Greater Avenue for Independence (GAIN) Program or General Assistance (GA). Firms can claim credit for such wages up to 1.5 times the minimum wage of $4.75, or $7.125 per hour. This provision provides tax credits that are gradually reduced over a five year period.

- Business Expense Deductions: permits businesses in the LAMBRA Zone to claim accelerated depreciation for the first year on State Income Tax returns for investments in new equipment.

- Lenders' Interest Deduction: permits entities that lend money to businesses in the LAMBRA Zone to deduct interest revenue net of costs on such loans from their State Income Taxes.

- State Job Bidders Preference: provides a 5 percent bidders preference on non-construction contracts of $100,000 or more to businesses located in the LAMBRA Zone.

The proposed resolution commits the City and County of San Francisco to completing "all actions stated within the application" if Hunters Point Naval Shipyard is awarded the LAMBRA designation. Mr. Byron Rhett of the SFRA states that the application refers to the following actions on the part of the City and County:

√ Preparation of a program Environmental Impact Report (EIR) on the reuse plan. Mr. Rhett states that the City and the Navy are currently preparing a joint EIR on the proposed Final Reuse Plan. Mr. Rhett advises that the SFRA expects to pay a total of approximately $60,000 in Tax Increment

funds to cover the cost of oversight of the EIR process by the SFRA and the Planning Department. According to Mr. Rhett, the Navy will pay all other costs of preparing the EIR. Mr. Rhett states that such an EIR would have to be prepared whether or not the site receives LAMBRA designation, so the $60,000 in Tax Increment is not a cost associated with the subject proposed resolution.

√ Preparation of a plan integrating hazardous waste management facilities with existing and proposed development in the application area. Mr. Rhett states that the Navy will have to pay for all hazardous waste management planning and removal at the Hunters Point Naval Shipyard. Mr. Rhett reports that the Navy has entered into a cleanup agreement with Federal and State Environmental Protection Agency authorities.

√ Marketing efforts to introduce and promote the LAMBRA Zone, or recruit new businesses to the proposed LAMBRA Zone, including public outreach such as advertisements and presentations at conferences and trade shows on the availability of land for various uses . Mr. Rhett estimates that the cost of such efforts to the SFRA will total approximately $100,000. He states that the SFRA expects to obtain funding for these marketing efforts from Tax Increment monies and from potential Federal Economic Development Agency (EDA) grant funds. Mr. Rhett states that the SFRA will not request General Fund monies for such marketing efforts.

√ Local Hiring Credits for Wages Paid: would permit businesses in the LAMBRA Zone to claim credit on San Francisco Payroll/Gross Receipts Taxes for wages paid as a result of hiring qualified disadvantaged individuals or qualified displaced employees for new jobs. Firms could claim credit for such wages up to 1.5 times the minimum wage of $4.75 per hour, or $7.125 per hour. This provision provides credits that are gradually reduced over a ten year period. See Comment No. 1 for further discussion of the potential taxes that would be forgone by the City under this provision, which is identical to the hiring credits provided by the City to businesses located in the Enterprise Zone.

√ Permit Fast-Tracking: would commit the Department of Building Inspection (DBI) and the Planning Department to extend the same fast track permit services to businesses located in the LAMBRA Zone as are currently provided to firms located in the Enterprise Zone. Mr. Don Levy of the DBI states that permit fast-tracking generally reduces the time required to process a permit by approximately one-third,

depending upon the quality of the plans submitted by the business requesting the permit. Mr. Levy does not anticipate that fast tracking of permits for businesses in the Hunters Point Naval Shipyard will significantly add to the current cost of processing permits.

√ Loan Packaging Assistance and Loan Guarantees: would permit businesses located in the LAMBRA Zone to use the services of neighborhood economic development organizations that are currently funded by Community Development Block Grant (CDBG) allocations to obtain loan packaging assistance. Mr. Wayne Lawrence of the Mayor's Office of Community Development (MOCD) states that he anticipates that the neighborhood economic development organizations could provide such services to firms in the LAMBRA Zone without requiring additional CDBG funding.

This provision would also permit such businesses to apply to private financial institutions for working capital and facade improvement loans that might be guaranteed by the City, again through set aside of CDBG funds and HUD Section 108 Loan Guarantee Program Funds. Mr. Lawrence advises that the MOCD already administers a loan guarantee program using these funds, and would not expect to incur significant additional administrative costs as a result of making such loan guarantees available to firms locating in the LAMBRA Zone. In cases of loan default by the business, the CDBG and HUD Section 108 set aside funds would be used by the MOCD to repay the lending institution.

√ Customized Training and Referral Services: would extend subsidized job training services already provided to firms located in redevelopment areas by agencies under contract to the SFRA, to firms in the LAMBRA Zone. Mr. Rhett states that such services can be provided under existing SFRA contracts, at no additional cost to the City.

Comments:

1. As described above, the City would provide Payroll/Gross Receipts Tax credits for businesses in the LAMBRA Zone that hire economically disadvantaged individuals for new jobs. Such credits would be available for wages paid up to 1.5 times the minimum wage of $4.75 per hour, or $7.125 per hour. Mr. Rhett estimates that approximately 6,000 to 7,000 new jobs will be created in the proposed LAMBRA Zone over a thirty year period. However, Mr. Rhett advises that the creation of new jobs will not be distributed evenly over the thirty year period. Instead, he anticipates that job creation will be relatively modest in the early years, reach a peak in the middle years, and slow again at the end of the thirty year period. As a result of this uneven, and unpredictable, rate of

job creation, Mr. Rhett is unable to provide an estimate of forgone Payroll/Gross Receipts taxes. In addition, Mr. Rhett states that at least a portion of the forgone Payroll/Gross Receipts Taxes would be offset by the fact that some of the new jobs would presumably not have been created without the LAMBRA incentives, so that the incentives produce new ongoing Payroll/Gross Receipt Tax revenues for the City.

At the current City Payroll Tax rate of 1.5 percent, the Payroll/Gross Receipts Tax credit on wages of up to $7.125 per hour would provide employers with a credit of up to $0.106875 per hour for such wages ($7.125 times .015) in the first two years after the job is created. For example, if 100 new jobs were created for disadvantaged individuals in the LAMBRA Zone in a given year, the City would forgo up to $22,230 in Payroll/Gross Receipts Taxes in each of the first two years (100 jobs times $0.106875 times 2,080 annual hours per job). The Payroll/Gross Receipts Tax credit would be structured to decline gradually over a ten year period from the date of hire. As noted above, the actual number of new jobs that would be created in the LAMBRA Zone in any particular year is unknown, and is likely to be significantly below 100 in the early and late years of the thirty year development period, and above 100 in the middle years, according to Mr. Rhett.

2. Mr. Rhett states that the benefits provided by the LAMBRA Zone are attractive to developers and business owners who, in turn, would create temporary construction jobs, permanent jobs and produce ongoing local tax revenues for the City. Mr. Rhett states that such benefits to the City outweigh the potential costs of providing the services and tax credits described above.

3. As noted in the description, the proposed resolution would commit the City and County of San Francisco to completing all actions stated within the application, if Hunters Point Naval Shipyard is awarded the LAMBRA designation. The LAMBRA application had not been completed as of the writing of this report. Therefor, the SFRA did not provide the Budget Analyst with a copy of the application that could be used to verify that the City and the SFRA are making only those commitments to the State Office of Business Development that are described in this report. However, Mr. Rhett states that the SFRA will not make further commitments to the State Office of Business Development (beyond those described in this report) in connection with the proposed LAMBRA Zone application unless the SFRA first obtains Board of Supervisors approval for any additional commitments.

4. The LAMBRA application is due on November 5, 1996. The State Office of Business Development plans to designate the new LAMBRA Zone by May 1, 1997.

5. In summary, the only cost to the General Fund related to the proposed LAMBRA Zone application would be the Payroll/Gross Receipts Taxes that would be forgone in order to provide a local hiring tax credit for wages paid. As outlined in Comment No. 1, because of the uneven, and unpredictable, rate of job creation over the thirty year project development period, Mr. Rhett is unable to estimate the amount of such reduced Payroll/Gross Receipts Taxes to the City. However, in order to provide a sense of the parameters of the proposed Payroll/Gross Receipts Tax credit, the Budget Analyst has calculated that, if 100 new jobs were created in the proposed LAMBRA Zone in a given year, there would be a reduction of approximately $22,230 in annual Payroll/Gross Receipts Tax revenues to the City in each of the first two years because of the LAMBRA tax credit. Such revenue loss would decline gradually over a ten-year period.

The SFRA also expects to spend approximately $100,000 in Tax Increment revenues and/or Federal EDA grant funds to market the LAMBRA Zone to businesses and developers.

Recommendation: Approval of the proposed resolution is a policy decision for the Board of Supervisors.

Item 3 - File 13-96-32.2

Note: This item was continued by the Budget Committee at its meeting of September 11, 1996.

Item: Hearing to consider the impact of Federal Block Grants and Federal Welfare "Reform" on San Francisco's low income children, youth and families, and to consider actions that can be taken at the local level to protect the public safety net; to consider the findings and recommendations of a report prepared by Coleman Advocates for Children and Youth, in collaboration with other community groups.

Description: Attachment I is a summary report, prepared by the Department of Human Services (DHS), which provides the DHS's rough estimate of the number of persons in San Francisco that could lose various types of assistance (e. g. Aid to Dependent Children, Medi-Cal benefits, and Food Stamp benefits) as a result of the Federal welfare reform . The DHS report states "The federal welfare reform bill could cut off assistance to as many as 37,000 San Francisco residents currently receiving medical, food and financial benefits. The effect will be especially felt by large numbers of elderly legal immigrants who will lose this financial support. The cost of the county-funded General Assistance program may increase by $74 million as a result of the federal government's abdication of responsibility".

Coleman Advocates for Children and Youth, a non-profit agency, in collaboration with other non-profit organizations, private sector agencies and consumers, has prepared a report entitled the "San Francisco Safety Net". This report makes certain findings and recommendations regarding the impact Federal Block grants and Federal welfare reform will have on services to children, families, immigrants and the elderly.

Attachment II is the "Introduction" to the report prepared by Coleman Advocates for Children and Youth in collaboration with other private and non-profit agencies. This introduction provides a summary of the report's findings on some of the broad impacts of Federal block grants and the Federal welfare reform on children, families, immigrants and the elderly.

Attachment III, provided by the DHS, lists the State's major options regarding various policy issues under the Federal Welfare Reform.

Attachment IV, provided by the DHS, is a summary of the major provisions of the Federal Welfare Reform.

Comment: Mr. Jeff Mori Director of the Mayor's Office of Children, Youth and Families (MOCYF) advises that the MOCYF is working in collaboration with the DHS, the Department of Public Health, the San Francisco Housing Authority, various offices of the Mayor, the Commission on Aging and the Private Industry Council to (1) analyze the potential impacts of the Federal block grants and Federal Welfare Reform on San Francisco's children, youth and families and (2) establish a joint planning process to address such impacts. Mr. Mori previously advised that the MOCYF was in the process of developing a report on the impact of Federal Welfare Reform on child care services. According to Mr. Mori, as of the writing of this report, the MOCYF report is not yet completed.

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Steve Agostini
Paul Horcher
Ted Lakey

WELFARE REFORM IMPACT ON SAN FRANCISCO

The federal welfare reform bill could cut off assistance to as many as 37,000 San Francisco residents currently receiving medical, food and financial benefits. The effect will be especially felt by large numbers of elderly legal immigrants who will lose this financial support. The cost of the county-funded General Assistance program may increase by $74 million as a result of the federal government's abdication of responsibility.

Elderly and Disabled Immigrants No Longer Eligible for SSI
15,700 SSI recipients may no longer be eligible for assistance because they are not citizens. These elderly, blind and disabled people will not only lose their modest income, but will lose their health insurance through Medi-Cal and social services such as In Home Supportive Services that allow the frail to stay in their home rather than in more costly nursing homes or hospitals.

Immigrant Families Lose AFDC Benefits
1,100 adults and 2,200 children will no longer be eligible for AFDC because they are not citizens if California implements this optional reform. The parents in these families will no longer be eligible for even the most basic job training programs or child care subsidies that would allow for the care of their children while they look for a job. Many of these families will need to turn to GA for cash assistance, but they will not be eligible for Food Stamps or Medi-Cal.

Medically Needy Immigrants Lose Medi-Cal Benefits
In addition to the SSI and AFDC clients, 8,800 medically needy individuals who are not on any other form of welfare will lose their Medi-Cal coverage, for a total of over 26,000 people losing Medi-Cal coverage if the House version of the bill passes. (The Senate version gives states the option to eliminate immigrant Medi-Cal eligibility.) Since their medical needs will still need to be addressed, the county will be forced to cover the cost at county hospitals and clinics.

Immigrants and Unemployed Single Adults Lose Food Stamp Benefits
As many as 1,700 non-citizen Food Stamp recipients and 3,900 single adult Food Stamp recipients will lose eligibility for the most basic support program the government provides (single adults will receive benefits for a limit of 3 months). Without food stamps, people will have to turn to the already overburdened food banks and soup kitchens. They will also have to spend more of their low income on food, reducing their ability to pay for other necessities including rent and clothing.

Long Term AFDC Families Lose Benefits
Based on current caseload characteristics, it is estimated that as many as 3,200 AFDC families may permanently lose eligibility to the program due to the five year limitation on lifetime aid.

San Francisco Department of Human Services 7/29/96

County-funded General Assistance to Increase Dramatically
Altogether, local General Assistance costs could increase by as much as $74 million during the first 12 months of welfare reform by adding the 19,000 clients displaced from federal programs. Clearly, this 254% increase in GA would impact San Francisco's ability to provide other necessary support services to the poor, such as job training, preventive medical services and economic development.

In addition to the provisions regarding immigrants, under the proposed bills all employable persons would be required to work within two years. While there is a need to move more welfare recipients into jobs, there is not an adequate increase in resources to enable counties to provide the necessary support such as child care, job training, transportation and case management. The bill imposes unrealistic implementation dates in light of the need to build local system capacity to meet newly created work participation standards.

DISMANTLING THE PUBLIC SAFETY NET

Introduction

President Clinton's signing of the welfare bill on August 22, 1996 ends the federal guarantee of assistance to poor children, immigrants and the elderly, and will impact all Americans as it takes effect. It is clear that local communities will have to work together quickly and effectively in order to minimize the damage from the welfare bill.

In its final version, H.R. 3734, now known as the Personal Responsibility and Work Opportunity Act of 1996 (hereinafter the "PRA"), repeals the AFDC, Emergency Assistance and JOBS programs (Title I), impacts SSI (Title II), child support enforcement (Title III), aliens (Title IV), child protection (Title V), child care (Title VI), child nutrition programs (Title VII) and food stamps (Title VIII). While it is too soon to accurately assess or predict all of the ramifications of this new law on the city and county of San Francisco, a brief look back at the predecessors to this new law gives ample cause for alarm. As originally drafted, the Personal Responsibility Act, would have cut off 1.2 million of the nation's children (2/3 of those on AFDC) from all benefits, and deprived lawful immigrant children of all AFDC and food stamp benefits.[5 6] Also, under this bill, after two years the maximum grant for a family of three would be $350 per month, 54.5% below 1989 levels.[7] Subsequently, under a bill proposed by former Senator Bob Dole - 157,437 children with disabilities that currently receive SSI (18% of the caseload) would lose all cash and medical benefits within a year after implementation; 21% of the new applicants for children's SSI will be denied between FY 1996-2000 (225,750 children) , 9% of the children who currently receive SSI would lose all assistance (5,987 children with disabilities), and in California 11% of the new applicants would be denied assistance between FY 1996-2000.[8] AFDC funding under the Dole bill was similarly bleak. California children would be denied AFDC after the family has received AFDC for more than 24 months, 512,000 children born to current AFDC recipients will be denied and 13,250 children will be denied because they were born to unmarried mothers under 18 years of age.[9] Overall, prior experiences in New York suggest that California will suffer $12 billion in cuts over the next five years, lose some 120,000 jobs, and experience a general slowdown in the economy.[10]

By all indications San Francisco will be profoundly impacted by block grant funding. In speaking of pending block grant proposals, the San Francisco Department of Social Services reported that funding for job training, housing assistance and education programs would be cut by approximately $51 million. Reductions in cash assistance to poor families, the elderly and disabled individuals would reduce the income in the city by about $10 million, and that welfare funding for cash assistance, child welfare services and food stamps will be reduced by $14 billion over five years. The California Budget Project reports that AFDC grant reductions proposed by the Governor will effect some 21,000 San Francisco kids and reduce county funds by almost $6.5 million dollars; SSI/SSP grant reductions are expected to reduce county revenues by more than $22.5 million. Early analyses of the overall impact of block grant funding suggest that by the year 2000 the city's revenues may be reduced by as much as $460 million. Similarly, San Francisco is seen as being at risk of loosing $3,483,464 in Child Care Food Program funds, Food Stamp and WIC benefits. These programs contribute an estimated $54,633,792 annually to San Francisco's food retail economy, while school lunch and breakfast funds bring in about $9,265,569

to San Francisco's economy.[11] Beyond the hardships created for the city's poor and low income families, revenue reductions of this magnitude will have substantial negative impacts on the city's economy as a whole. In spite of these early warning signs, as a city little is being done to mediate or anticipate block grant funding. In particular, the city's various departments have made no discernable effort to engage in the strategic, collaborative planning among themselves, let alone with the larger community, that block grant funding schemes demand.

Major State Options under Welfare Reform

Work-related Options

* States can decide when to require TANF adults to go to work or be cut off aid, not later than after 24 months on aid
* States can decide to require community service (as defined by state) of TANF recipients after 2 months on aid
* States can waive work requirements (and time limits) for victims of domestic violence
* States can decide whether to require a single parent caring for a child under 1 year to engage in work
* States can reduce or terminate aid to individuals who are not working/refuse to participate in work activities
* States can cut off Medicaid if a parent doesn't participate in TANF work requirements

Immigrant Options

* States will decide whether to provide assistance to legal immigrants under the TANF and Medi-Cal programs.
* States can take legislative action to allow for illegal immigrant eligibility to state or local programs.
* States can decide if legal immigrants are eligible for any state or local public benefit program and have the option of applying deeming provisions to state or local programs.
* While not explicitly a part of the bill, California can change its IHSS eligibility regulations so that there is no SSI link, which would maintain IHSS eligibility for many immigrants losing SSI.

Other Options

* States may reduce or terminate aid to families that do not cooperate in paternity establishment/child support collection
* States have flexibility in the use of funds and allocation of block grant to counties
* States are allowed to use funds to provide vouchers for the needs of children whose families are cut off assistance after 5 years on aid.
* State could enforce child support orders against parents of minor parents (grandparents).
* If a head of household becomes ineligible for food stamps, the state may make the entire household ineligible
* States may test welfare recipients for drug use and sanction those who test positive
* States may use funds to provide vouchers to children after time limit or family cap goes into effect

1996 Welfare Reform
Major Provisions

Program	Time Limits	Work Requirements	Immigrant Eligibility	Other Changes
Temporary Assistance to Needy Families (TANF)	• 5 year (whether or not consecutive) lifetime time limit. • Must work after 2 years (or earlier at state's option) on aid or lose assistance. • States may provide vouchers to families that are cut off of assistance due to time limits.	• 25% of single parent families must work 20 hours/week by 1997, rising to 50% of families working 30 hours/week by 2002. • 75% of two parent families must work 35 hours/week by 1997, rising to 90% of families working 35 hours/week by 1999. • A single parent with a child under 6 years cannot be sanctioned for not working if parent is unable to find childcare (but parent can be required to work otherwise). • A single parent with child under one year may receive a one time exception from work requirement.	• State must decide if it will serve legal immigrants in state plan. • Current legal immigrants may be cut off on January 1, 1997 at state option. If state chooses to serve legal immigrants, they will maintain eligibility. • New legal immigrants will be denied assistance for 5 years after entry into country. After that, they may be denied assistance, at state option. If state chooses to provide assistance, income of sponsor will be deemed available to immigrant. • Certain legal immigrants will retain eligibility (refugees and asylees for 5 years, veterans or active duty military and those who have worked 40 qualifying quarters). • All illegal immigrants are ineligible.	• Block grant at FFY 1994 level will replace AFDC entitlement program beginning October 1, 1996. • Family must cooperate in child support collection/paternity establishment. • Each recipient must have an Individual Responsibility Plan which sets employment goals and other obligations.

1996 Welfare Reform
Major Provisions

Program	Time Limits	Work Requirements	Immigrant Eligibility	Other Changes
Supple-mental Security Income (SSI)	None specified.	None specified.	• Legal immigrants will become ineligible for SSI until citizenship. • Current legal immigrants will lose eligibility at recertification (within one year of enactment). • Certain legal immigrants will retain eligibility (refugees and asylees for 5 years, veterans or active duty military and those who have worked 40 qualifying quarters). • All illegal immigrants are ineligible.	• Child disability is changed based on medical definition, not individual functionality assessment. • Increases sanctions for fraud. • Makes incarcerated prisoners ineligible for aid. • New applications are effective on the first day of the month after submitted or approved. • Large lump sum retroactive payments will be made in 3 installments.
Food Stamps	• Able bodied adults without children are limited to 3 months of eligibility in a 3 year period unless they are working. • For current recipients, the 3 months begins upon date of enactment.	• Able bodied adults without children must work at least 20 hours per week.	• Provisions are the same as SSI.	• If a sanction occurs in another program, state may apply similar sanctions in food stamps. • If a cash grant is reduced due to non-compliance, food stamp allocation may not increase.

1996 Welfare Reform
Major Provisions

Program	Time Limits	Work Requirements	Immigrant Eligibility	Other Changes
Medicaid (Medi-Cal)	None specified.	• At state option, may cut off Medicaid assistance if parent doesn't participate in TANF work requirements. Child would retain eligibility.	• Provisions are the same as TANF. • In addition, emergency medical care and public health services are available to legal and illegal immigrants.	• A state may change Medicaid eligibility rules as long as they are no more restrictive than levels in effect during May 1988. • Medical coverage must be provided to TANF families that become ineligible due to increased earnings or child support.

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MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, OCTOBER 23, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:09 P.M.

1. File 195-96-2. [Automated Victim Notification Program] Resolution urging the Mayor to urge the Sheriff to take the necessary steps to implement an automated Victim Notification Program known as the VINE System at the earliest possible time. (Supervisors Kaufman, Alioto, Leal, Shelley, Bierman)

SPEAKERS: ELECTED OFFICIAL: Honorable Michael Hennessey, Sheriff. DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Rosario Navarette, Commission on the Status of Women. IN SUPPORT: Gail Hart, representing VINE Company; Miriam Gonzalez, survivor. OPPOSED: None.

ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING NEW TITLE PRESENTED IN COMMITTEE BY SUPERVISOR KAUFMAN. ADOPTED. AMENDMENT OF THE WHOLE RECOMMENDED. NEW TITLE: "Resolution urging the Sheriff to take the necessary steps to implement an automated Victim Notification Program known as the VINE System at the earliest possible time. (Supervisor Hsieh requested to be added as a co-sponsor.)

VOTE: 3-0.

TIME MEETING ADJOURNED: 1:44 P.M.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 18, 1996

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: October 23, 1996 Budget Committee Meeting

Item 1 - File 195-96-2

Note: This item was transferred from the June 6, 1996 Health, Public Safety and Environment Committee

Item: Urging the Sheriff to take the necessary steps to implement an automated victim notification program known as the VINE system at the earliest possible time.

Description: An Amendment of the Whole to this proposed legislation has been drafted, this report reflects that amendment.

The proposed resolution would urge the Sheriff to implement a service which provides automatic notification to crime victims and witnesses, by telephone, regarding the release or escape of convicted criminals, using a system known as Victim Information and Notification Everyday (VINE). The system would also allow any interested member of the public to get information about the status of inmates through telephone calls for a small fee. VINE is manufactured by Automated Victim Notification Systems of Louisville, Kentucky.

The attached memo from Chief Deputy de Souza of the Sheriff's Department states that VINE is a Victim Notification Program developed to alert victims of domestic or

other types of violent crime that a notification service is available in the event the prisoner is released from custody. Chief Deputy de Souza advises that VINE provides a 24-hour automated notice service that can also be accessed through the use of a personalized PIN Number and is free of charge.

Chief Deputy de Souza reports that there are one-time installation costs as well as on-going maintenance and operation costs associated with the installation of the Vine System. According to Chief Deputy de Souza, Automated Victim Notification Systems, the VINE System manufacturer, has estimated that the maximum one-time purchase and installation costs of the VINE System is $20,000 and that the annual on-going maintenance and operation costs of the VINE System is $60,000.

Chief Deputy de Souza advises that the Sheriff's Department anticipates it will be able to absorb the estimated one-time costs of $20,000 for the purchase and installation of the VINE System in the Sheriff's existing budget. Additionally, Chief Deputy de Souza advises that the Sheriff's Department has identified two alternatives for paying for the estimated $60,000 in on-going maintenance and operation costs as follows: either (1) requesting General Fund monies or (2) having the costs offset by a Pay For Call Service component of the VINE System. The Sheriff's Department advises that, according to Automated Victim Notification Systems, under the second option, the persons telephoning the jails for information concerning the arrest or status of prisoners in custody would be charged $1.25 by Pac Tel per call. This charge would be a debit against the caller's telephone bill. Automated Victim Notification Systems states that the Sheriff's Department would receive a 30 percent commission from Pac Tel on the gross billings for this service. The Sheriff's Department advises that Automated Victim Notification Systems has estimated that at 550 such calls per day (30 percent x $1.25 per/call x 550 calls per/day x 365 days), the Sheriff's Department would realize $75,281 annually, which would more than off-set the annual maintenance and operations costs. According to Deputy Chief de Souza, the 550 calls per/day used in Automated Victim Notification System's calculation is based on a rough estimate provided by the Sheriff's Department. Chief Deputy de Souza adds that as of the writing of this report, the Sheriff Department does not have an actual count of calls per/day received from persons concerning the arrest or status of prisoners in custody. Chief Deputy de Souza notes that while the Sheriff's Department currently provides information over the telephone about persons who are in the Sheriff's custody at no additional cost

to the caller, the VINE System would allow for a quicker response to such calls because Sheriff deputies are frequently booking and processing inmates and are unable to consistently answer the telephones.

It should be noted that the proposed legislation calls for using the Pay For Call Service option as the source of funds to pay for the estimated $60,000 in on-going maintenance and operations costs of the VINE System.

According to Chief Deputy de Souza, the VINE system is currently being used in the Cities of San Jose, Detroit, Miami and Tampa, and in the counties of Alameda, and Santa Clara. Additionally the VINE System is presently being considered in San Mateo County and Los Angeles County.

Comments:

1. The Sheriffs Department notes that for a system such as VINE to be effective in the City, the San Francisco Police Department should be involved in the design, implementation and operation of the system.

2. State Penal Code Section 646.9(2) requires the notification, upon request, of a crime victim, family member of a crime victim, or witness to a crime, of the release from prison of a person convicted of felony crimes of; (a) stalking, or (b) domestic violence. Under the State Code, it is the responsibility of the State Department of Corrections and of local Sheriff's Departments to carry out this notification by telephone or mail not less than 15 days prior to such a release, and it is the responsibility of the person requesting notification to keep their current telephone number and address on file with the appropriate law enforcement agency. The Office of the Sponsor of the proposed legislation believes that the VINE System would address this State requirement. Sergeant Richard Ridgeway of the Sheriff's Department advises that persons convicted of felony crimes of stalking and domestic violence are usually held in a State prison, and that the Sheriff's Department would rarely have custody of such inmates.

3. Sergeant Ridgeway advises that the Sheriff's Department attempts to provide notification to crime victims and witnesses of prisoner releases, and of the release of pre-trial suspects who (a) make bail, (b) are released on their own recognizance, or (c) have their charges dropped. However, according to Sgt. Ridgeway, due to several factors, including limited Sheriff's staff time, and the fact that victims and witnesses frequently do not know that such notification is available and therefore do not provide telephone numbers or

addresses where they can be reached, such notification cannot always be provided by the Sheriff's Department to victims and witnesses.

The proposed resolution states that San Francisco should provide notification of prisoner releases to all victims of violent crime.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Steve Agostini
Paul Horcher
Ted Lakey

San Francisco Sheriff's Department

INTER-OFFICE CORRESPONDENCE

To: Sandra Brown Richardson

From: Chief Deputy M.A de Souza

Subj: VINE

Ref# 96-023

Wednesday, October 16, 1996

In response to you inquiry regarding the VINE Program, I have attached the most recent proposal from the company as to the projected costs of the program and the details of the cost offset plan as suggested by VINE. The primary elements of the proposal are as follows:

VINE is a Victim Notification Program developed to alert victims of domestic or other types of violent crime that a notification service is available in the event the subject is released from custody. VINE provides a 24 hour notice service that can be accessed through the use of a personalized PIN Number. This service is free of charge. Information regarding the status of a person in custody is provided through the Call Center, located in Louisville, Kentucky. The Call Center maintains its information base through computer interface with the mainframe system at the jail. Status changes such as bail, or jail transfer are recorded in the data base. If the prisoner is released, victim notification is commenced until the victim is personally notifed. The costs of the computer equipment, software, training, script recording and overall system development are one time only expenses. The only staff commitment from the agency end would be one MIS staff person to assist VINE in the installation. The Sheriffs Department believes a week's commitment is reasonable and expects that will be sufficient.

The startup costs will require a one time expenditure. The question of paying for the monthly costs of the system will require one of two approaches: 1) general fund support beginning with a supplemental appropriation or 2) offsetting the costs through a separate Pay For Call Service. Under the second option, persons telephoning the jails for information concerning the arrest or status of prisoners in custody would be charged $1.25 per call. This would be a debit against the caller's telephone bill. The Sheriffs Department would receive a 30% commission on the gross billings for this service. VINE has estimated that based on the projected numbers of inquiries currently being received, the Department would offset most of its monthly costs. The Sheriffs Department believes that although the prospect of charging for information that is currently provided cost free might not be well received, the service benefits of having telephone inquiries answered promptly, has definite service advantages for the client population. The Sheriffs Department feels that consideration of the overall costs should allow for a reevaluation of the system's cost effectiveness in the event call volume is not sufficient to offset operating costs.

VINE has estimated that at 550 calls per day, the Department will reach a self funding level. It would be our expectation that we should be close to that estimate.

If you need any additional information, please advise.

MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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WEDNESDAY, OCTOBER 30, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:10 P.M.

RELEASE OF RESERVES

1. File 79-95-6.4. [Mayor's Office of Community Development] Consideration of release of reserve, Mayor's Office of Community Development (1996 Community Development Block Grant), in the amount of $40,000 (Project Coordinator $31,500, benefits at 25 percent of salaries, $7,875 meeting expenses, $625 to fund the Treasure Island Homeless Development Initiative Project). (Mayor's Office of Community Development)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Jon Pon, Mayor's Office of Community Development. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. RELEASE OF $40,000 APPROVED. FILED.

   VOTE: 2-1. (Supervisor Hsieh absent.)

2. File 101-95-84.1. [Assessor's Office] Consideration of release of reserve, Assessor's Office (AB 818 State Loan Revenue), in the amount of $150,000 to pay Integrated Business Solutions, inc. with Audrey Rice Oliver for the Project Manager, Yali Wong Owi, to manage Easy Access, Inc., in the installation of the Integrated Property/Assessor/Controller/Tax Collector System to reduce assessment backlog. (Assessor's Office)

   SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. RELEASE OF $150,000 APPROVED. FILED.

   VOTE: 2-1. (Supervisor Hsieh absent.)

GENERAL MATTERS

3. File 97-96-57. [Police Department Membership] Ordinance amending San Francisco Administrative Code by amending Section 16.6-47.1 relating to Police Department memberships by adding specified organizations. (Police Commission)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Lt. Fagan, Police Department. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. RECOMMENDED.

   VOTE: 2-1. (Supervisor Hsieh absent.)

4. File 84-96-3. [Option to Acquire Property] Resolution authorizing the Director of Property to enter into an option agreement for the purchase of real property located at 349-65 - 7th Street and 45 Cleveland Street and the payment of a non-refundable deposit of up to Four Hundred Eighty-Four Thousand Five Hundred Dollars ($484,500). (Real Estate Department)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Bill Maher, Office of the Mayor; Tony Delucchi, Director of Property, Real Estate Department; Ted Lakey, Deputy City Attorney. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. CONSIDERATION CONTINUED TO NOVEMBER 13, 1996.

   VOTE: 2-1. (Supervisor Hsieh absent.)

FISCAL

5. File 101-96-13. [Appropriation, Department of Human Services] Ordinance appropriating $63,773, Department of Human Services, of Federal revenue, and transferring $110,602 of IHSS-IP payment to fund $174,375 of IHSS contract payments to increase IHSS workers wages for fiscal year 1996-97. (Supervisor Shelley) RO #96099

   SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Kevin Shelley; Harvey Rose, Budget Analyst; Julie Murray Brenmen, representing Department of Human Services. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add a Section 2 to provide for ratification of action previously taken effective October 1, 1996. AMENDED TITLE: "Ordinance appropriating $63,773, Department of Human Services, of Federal revenue, and transferring $110,602 of IHSS-IP payment to fund $174,375 of IHSS contract payments to increase IHSS workers wages for fiscal year 1996-97;providing for ratification of action previously taken."

   (Supervisor Bierman requested to be added as a co-sponsor.)

   VOTE: 2-1. (Supervisor Hsieh absent.)

6. File 64-96-20. [Lease Amendment, 875 Stevenson Street] Resolution authorizing a lease amendment at 875 Stevenson Street for the Department of Telecommunications and Information Services and other departments. (Real Estate Department) (COMPANION TO THE FOLLOWING FILE)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ed Harrington, Acting Director, Department of Telecommunications and Information Services. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. RECOMMENDED.

   VOTE: 2-1. (Supervisor Hsieh absent.)

7. File 101-96-14. [Appropriation, Department of Telecommunications and Information Services] Ordinance appropriating $1,629,731, Department of Telecommunications and Information Services, by appropriating $531,121 of the General Fund Reserve, $750,000 from Internal Service Fund balance and rescinding $348,610 of professional and special services for relocation of department for fiscal year 1996-97. (Controller) RO #96106 (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ed Harrington, Acting Director, Department of Telecommunications and Information Services. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation to $1,620,991. Reduce Equipment Lease/Purchase by $8,740 from $225,076 to $216,336. AMENDED TITLE: "Ordinance appropriating $1,620,991, Department of Telecommunications and Information Services, by appropriating $531,121 of the General Fund Reserve, $741,260 from Internal Service Fund balance and rescinding $348,610 of professional and special services for relocation of department for fiscal year 1996-97."

VOTE: 2-1. (Supervisor Hsieh absent.)

8. File 101-96-15. [Appropriation, Airport Commission] Ordinance appropriating $189,327,750, Airport Commission, from proceeds of Airport Revenue Bonds, Issue 13, to capital improvement projects for infrastructure improvements, interest expenses and professional services for the Airport Commission for fiscal year 1996-97. (Controller) RO #96111

SPEAKERS: DEPARTMENTAL SPEAKERS: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO NOVEMBER 20, 1996.

VOTE: 2-1. (Supervisor Hsieh absent.)

TIME MEETING ADJOURNED: 2:20 P.M.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 25, 1996

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: October 30, 1996 Budget Committee Meeting

Item 1 - File 79-95-6.4

Department: Mayor's Office of Community Development (MOCD)

Item: Release of reserved funds, in the amount of $40,000 to contract with General Partners/Tenants and Owners Development Corporation (GP/TODCO), a non-profit corporation, for services of a Project Coordinator for the Treasure Island Homeless Development Initiative Project.

Amount: $40,000

Source of Funds: Community Development Block Grant (CDBG) Program funds

Description: The Board of Supervisors previously approved the 1996 CDBG Program budget, placing $500,000 earmarked for the 1996 Homeless Facilities Pool on reserve pending submission of budget details (File 79-96-6).

The MOCD is now requesting that $40,000 of the $500,000 be released from reserve to pay for contract services of a Project Coordinator for the Treasure Island Homeless Development Initiative (TIHDI) Project. The TIHDI Project, which is administered by a consortium of 14 community-based non-profit organizations, was implemented in 1994 to develop

opportunities for homeless assistance through the use of certain facilities at the Treasure Island Naval Station. The GP/TODCO, one of the 14 community-based organizations, serves as the fiscal agent for the TIHDI Project and is responsible for administering the Project's funds.

The MOCD allocated a Planning & Capacity Building grant in the amount of $15,000 to GP/TODCO, in September of 1994, to fund the TIHDI project's activities aimed at providing housing and support services to homeless persons at the Treasure Island Naval Station. The MOCD plans to modify its existing contract with GP/TODCO, for provision of the Project Coordinator services for the period October 1, 1996 to June 30, 1997. According to Mr. Jon Pon of the MOCD, in addition to the $15,000 grant previously allocated by MOCD, the GP/TODCO received a grant directly from the United Way, a non-profit organization in the amount of $25,000 in FY 1994-95 and a $50,000 allocation from the San Francisco Redevelopment Agency in FY 1995-96.

This request to release reserved funds would authorize GP/TODCO to hire a Project Coordinator for the TIHDI Project who will be responsible for planning, fund raising, and coordinating a large number of non-profit service providers to implement the use of certain Treasure Island facilities to provide housing and services to homeless persons.

Budget:

GP/TODCO Contract

Project Coordinator (.75 FTE)	$31,500
Benefits (25%)	7,875
Meeting Expenses	625
Total	$40,000

Comments:

1. The Attachment provided by Mr. Pon describes in detail (a) the present responsibilities of GP/TODCO as fiscal agent for the Treasure Island Homeless Development Initiative, (b) its proposed responsibilities in hiring a Project Coordinator for the Treasurer Island Homeless Development Initiative Project and (c) all past and current funding which is received by GP/TODCO together with a description of the specific services GP/TODCO provides and the amount of funding received by GP/TODCO for each of the services it provides.

2. As noted above, the term of the proposed contract modification with GP/TODCO is October 1, 1996 through June 30, 1997. However, the MOCD advises that no expenditures have been incurred against the requested

$40,000. As such retroactive approval of the proposed release of reserved funds is not required.

Recommendation: Approve the proposed release of reserved funds in the amount of $40,000.

Attachment

MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT

CITY AND COUNTY OF SAN FRANCISCO

WILLIE LEWIS BROWN, JR.
MAYOR

PRISCILLA WATTS
DIRECTOR

MEMORANDUM

October 23, 1996

TO: **Sandy Brown-Richardson**
Budget Analyst Office

FROM: **Jon Pon**

RE: **GP/TODCO TIHDI funding**

GP/TODCO will continue to act as fiscal agent for the TIHDI organization until it is able to incorporate as a nonprofit organization. GP/TODCO is responsible for administering the funds within the procedures established under the MOCD's "Operating and Procedure Manual." That include separate accounting, maintaining the funds in a bank account, reviewing invoices and issuing checks, preparing monthly fiscal and programmatic reports to MOCD, and conducting the annual audit. It will be responsible for employing the Project Coordinator and paying for expenses associated with the TIHDI project.

In 1994/95 fiscal year, TODCO received $25,000 from United Way that was used to prepare an application for the "homeless-related" reuses of some of the facilities on Treasure Island. In 1995/96 fiscal year, TODCO received $50,000 from the San Francisco Redevelopment Agency for helping to prepare the "homeless component" to the Reuse Plan for Treasure Island. The Reuse Plan has been approved by the Board of Supervisors and is currently being reviewed by the U.S. Department of Housing and Urban Development.

The 1996 CDBG allocation will allow GP/TODCO to continue the TIHDI project. Much planning and coordinating efforts will be needed before the summer 1997 when some of the facilities will be vacated by the Navy.

Please call me if you need additional information.

25 Van Ness Avenue, Suite 700 San Francisco, CA 94102 252-3100 Fax 252-3110 T.D. 252-3107

Item 2 - File 101-95-84.1

Department: Assessor's Office

Item: Requesting release of reserved funds for management of the installation of the Integrated Property Assessor, Controller and Tax Collector system.

Amount: $150,000

Source of Funds: State Department of Finance Loan under Assembly Bill (AB) 818

Description: The Board of Supervisors previously approved legislation (File 101-95-84) appropriating $3,332,230 to create two new staff positions and to develop an Integrated Property Assessor, Controller, and Tax Collector (INPACT) system, a computer database system to enhance and streamline the City's Property Tax collections. Of the $3,332,230 appropriated, $300,000 was placed on reserve for contract management of the INPACT project for a two year period, pending the selection of a consultant, the hours, hourly rates and the MBE/WBE status of the consultant.

The Assessor's Office is now requesting release of $150,000 for contract management for the INPACT project for a one year period.

Comments: 1. Mr. Verne Walton of the Assessor's Office reports that the proposed contractor, Integrated Business Solutions, Inc., with Yali Wong Ow as the specific project manager, was selected based on a Request for Qualifications (RFQ) process. The Attachment reflects the contractors who responded to the Assessor's RFQ with the MBE, WBE and LBE preferences. As shown on this Attachment, Integrated Business Solutions, Inc. is not a MBE, WBE or LBE.

2. According to Mr. Walton, the total proposed contract with Integrated Business Solutions, Inc. is for $300,000 to be paid in 24 monthly installments, or $12,500 per month over a two-year period. The proposed request for release of $150,000 is for the first year of the proposed contract.

3. Ms. Tommie Whitlow of the Assessor's Office reports that the contract with Integrated Business Solutions, Inc., which is currently being prepared by the City Attorney's Office, will not specify an hourly rate. Instead, the contract will require a full-time commitment by the contractor, specifying a minimum of 40 hours per week. Based on an annual total of 2,080 hours (40 hours per week times 52 weeks per year), the annual contract rate of $150,000 reflects an average hourly rate of approximately $72 per hour.

Recommendation: Approve the requested release of $150,000 on reserve.

Attachment

PROJECT MANAGER FOR EAI

VENDOR	CLIENT	PREFERENCE POINTS	[illegible]
abbott computer partners	Robert P. Abbott	MBE	
CDSNET	Rodolfo Antonio Mairena	MBE/WBE/LBE	
DMC Communications, Inc.	Marsha J. Anderson	MBE/WBE/WBE	
Intranational Computer Consultants, Inc.	Dean B. Ponce	LBE	X
	Marlene Bonaparte	LBE	X
	Annalee Elman	LBE	
	David Gier	LBE	X
	Lester M. Premo	LBE	
	John Martin	LBE	X
integrated system solutions, inc.	James Fardeen	WBE	
Munson Consulting	A. Lee Munson	0	
Ocean Rock Advisors	Sanford (Sandy) Rosen, Ph.D.0	0	
Peninsula Technologies	James M. Ogami	MBE	X
Smartsource Incorporated	Arthur W. Clausen, Jr.	WBE	
	Fran McBrearty	WBE	
Systems Support Technologies, Inc.	Colin Eugene Mack	MBE	
Williams-Wallace Management Consultants	Sam Wallace	MBE	
Integrated Business Solutions, Inc.	Yali Wong Ow		X

Item 3 - File 97-96-57

Department: Police Department

Item: Ordinance amending the Administrative Code by amending Section 16.6-47.1 relating to Police Department memberships by adding specified organizations.

Description: The proposed ordinance would amend the Administrative Code, Section 16.6-47.1 to authorize the Police Department to have memberships in the following ten organizations:

Police Department	Annual Membership Fee
American Board of Criminalistics	$75
Association of Firearms and Toolmark Examiners	100
California Association of Crime Laboratory Directors	50
American Society of Questioned Document Examiners	150
High Technology Criminal Investigators Association	40
International Association of Computer Investigative Specialists	50
American Society for Testing and Materials	30
Northern California Juvenile Officers Association	25
California Sexual Assault Investigator's Association	20
California State Horseman's Association	50
Total	$590

Comments: 1. Lieutenant Alex Fagan of the Police Department advises that the Police Department is currently a member of all of these 10 organizations. However, Lieutenant Fagan advises that these 10 organizations have not been listed in the Police Department's membership list in Section 16.6-47.1 of the Administrative Code, as required by the Administrative Code.

2. Lieutenant Fagan advises that an amount of $590 for membership in the 10 organizations was included in the Police Department's FY 1996-97 budget. Therefore, this request would not represent any additional costs to the City.

Recommendation: Approve the proposed ordinance.

Item 4 - File 84-96-3

Departments: Mayor's Office of Community Development (MOCD)
Recreation and Park Department (RPD)
Real Estate Department

Item: Resolution authorizing the Director of Property to enter into an option agreement for the purchase of real property at 349-65 7th Street and 45 Cleveland Street, also known as the 7th and Harrison property, (as well as the McCormick Trust property) located adjacent to Bessie Carmichael School) and the payment by the City to the property owners of a non-refundable deposit of $387,600, in consideration for the City having an option to purchase the property within a four month period, and payment by the City to the property owners of a non-refundable deposit of $96,900 in consideration for the City having an option to purchase the property for one additional month, thereby resulting in the City paying a total non-refundable deposit amount of $484,500 in consideration for the City having an option to purchase the property within five months.

Amount: $484,500

Source of Funds: Open Space and Park Fund - RPD advises that there is a current balance of $8,818,808 appropriated in the RPD's 1996-97 budget, which more than covers the current estimated costs for the payment of the non-refundable deposit of $484,500 and the purchase of the subject property in the amount of $4,360,500.

Description: The MOCD is proposing to purchase the 7th and Harrison property located at 349-65 7th Street and 45 Cleveland Street and in turn exchange this property for the adjacent Bessie Carmichael School site, which is owned by the San Francisco Unified District. The MOCD advises that this exchange of properties between the City and SFUSD was proposed by the San Francisco Unified School District (SFUSD) as part of a Memorandum of Understanding between the Mayor and the SFUSD involving two other real estate transactions, namely Water Department property located at 7th and Lawton Streets and the San Francisco Community School at 125 Excelsior Street. The Mayor and the SFUSD have entered into a Memorandum of Understanding (MOU), which outlines the conditions under which the City and the SFUSD intend to accomplish the three real estate transactions (see Attachment I).

The MOU is a non-binding understanding between the Mayor and the SFUSD with respect to the three real estate transactions contained in the MOU. The MOU states that "Notwithstanding anything to the contrary in this MOU, the parties acknowledge the following: This MOU is a non-binding understanding between the City and the School District with respect to the transactions described herein".

Attachment II is memo from Ms. Leslie Trutner of the City Attorney's Office which explains the "non-binding" provision in the MOU and its force or effect on either the City or the SFUSD. Ms. Trutner states that "The MOU is not a legally binding contract between the parties." "Rather the MOU outlines intended transactions and evidences the good-faith intentions of the City and the School District to implement those transactions."

The proposed legislation pertains only to an Option Agreement to purchase the 349-65 7th Street and 45 Cleveland Street (7th and Harrison) property. Under the MOU between the Mayor's Office and the SFUSD, the City would exchange the 349-65 7th Street and 45 Cleveland Street property for the SFUSD's Bessie Carmichael School site property which will be used by the City for open space. At the time of the exchange, the City would pay the SFUSD $800,000 per the MOU, which represents the difference in the fair market value between the 7th and Harrison property at 349-65 7th Street and 45 Cleveland Street ($5,150,000) and the fair market value of the SFUSD's Bessie Carmichael School site property ($5,950,000) (see Comment No. 4). This $800,000 would also be paid for by the RPD's Open Space and Park Fund. However, this exchange of property, and any payments related thereto, would be the subject of separate future legislation subject to approval by the Board of Supervisors.

The proposed legislation would (1) authorize the execution of an Option Agreement between the City and the Co-Trustees of the Trust of Josephine McCormick (the property owners) to grant the City the exclusive option to purchase the 7th and Harrison property consisting of three parcels of land, with a total land area of approximately 61,250 square feet, located at 349-65 7th Street and 45 Cleveland Street (adjacent to the Bessie Carmichael School site), and (2) authorize a payment by the City to the property owners of $484,500 consisting of a non-refundable deposit, including $387,600 for a four month option and $96,900 for an additional one month option, in consideration for the City to have an option to purchase the 7th and Harrison property at 349-65 7th Street and 45

Cleveland Street for up to 5 months from the property owners.

According to Mr. Larry Jacobson of the Real Estate Department, the subject property is within a proposed Redevelopment Agency project area, which is currently being reviewed by the City Planning Department to determine whether the Redevelopment Area Plan Amendment is consistent with the City's General Plan and whether any General Plan Amendments would be required. The Planning Department and Redevelopment Agency are jointly preparing an Environmental Impact Report on the Redevelopment Plan Amendment, which includes the required environmental analysis on the proposed acquisition of the subject property and property exchange. It is anticipated that the Planning Commission and the Redevelopment Commission will certify the EIR in late January. The Planning Commission would report on conformity of the proposed Redevelopment Plan Amendment with the City's General Plan and recommend General Plan findings to the Board of Supervisors, and the Redevelopment Commission would approve the proposed Redevelopment Plan amendment, prior to action by the Board of Supervisors. Mr. Shotland, of the Planning Department advises that it is anticipated that the Planning Department's process on the subject property will take up to three months (and should be completed in late January). The planning process will include Planning Commission hearings, reviewing and Certifying the Environmental Impact Report, Planning Commission adoption of a General Plan Amendment to designate the Bessie Carmichael School site for acquisition as public open space, and Commission review and adoption of a General Plan Referral on the acquisition of the real property at 349-365 7th Street and 45 Cleveland Street (7th and Harrison), transfer of this property to the SFUSD, and transfer of the Bessie Carmichael School site from the SFUSD to the City for its development as public open space. Other actions by the Board of Supervisors, with respect to this planning review, are anticipated to take up to an additional two months, according to Mr. Shotland.

Mr. Jacobson reports that the $484,500 ($387,600 for four months plus $96,900 for one additional month) non-refundable deposit represents the payment for the five-month option period needed for the above noted planning review and related activities, during which time the City would retain the exclusive option to purchase the 7th and Harrison property at 349-365 7th Street and 45 Cleveland Street. According to Mr. Jacobson, if the City exercises this option, the $484,500 non-refundable deposit together with the

$305,000 for environmental cleanup would be credited against the $5,150,000 purchase price of the property, leaving a balance of $4,360,500 ($5,150,000 less $484,500 less $305,000) to be paid by the City for the purchase of the property. As previously noted, the source of funds for the purchase of the 7th and Harrison property, as well as the non-refundable deposit, would be the RPD's Open Space and Park Fund. Mr. Joel Robinson of the RPD advises that there is a balance of $8,818,808 appropriated in the Open Space and Park Fund to pay for the non-refundable deposit and the purchase of the subject property. According to Mr. Robinson, the RPD has been accruing monies in the Open Space and Park Fund for the purchase of the subject property over the last six to seven years. However, the actual purchase of the 7th and Harrison property at 349-365 7th Street and 45 Cleveland Street and appropriation of monies related thereto would be subject to separate legislative approval by the Board of Supervisors.

Attachment III is a memorandum from Mr. John Barber of the MOCD explaining (a) why the SFUSD doesn't directly purchase the 349-65 7th Street and 45 Cleveland Street property from the property owners instead of the City purchasing the 349-65 7th Street and 45 Cleveland Street (7th and Harrison) property and then exchanging this property for the SFUSD's Bessie Carmichael School site property and (b) why the City then doesn't just purchase the Bessie Carmichael School site directly from the SFUSD. According to Mr. Barber's memorandum (see Attachment III), Mr. Barber states that the reason that the SFUSD is not directly purchasing the 7th and Harrison Street property at 349-65 7th Street and 45 Cleveland Street (also known as the McCormack Trust property) is because "During the discussions and drafting of the MOU for the youth center and 7th and Lawton, the School District proposed reactivating a project that had been discussed and planned for the last four years and recently stalled in process. That project involved the School District's desire to build a new elementary school on a private property at 7th and Harrison (McCormick Trust) adjacent to the current Bessie Carmichael Elementary School which is located in the South of Market. <u>The School District does not have the funds to purchase the property and pay for building a new school</u> (emphasis added). The School District proposed the City purchase the property and allow the School District to build a new elementary school on the site and exchange that site for the old school site which is a larger piece of property."

The proposed legislation provides that the City's purchase of the 7th and Harrison property at 349-65 7th Street and 45 Cleveland Street, in contrast to this subject legislation authorizing only the option to purchase, the subject property, would require separate future legislative approval by the Board of Supervisors. If the City purchases this property and exchanges it for the SFUSD's Bessie Carmichael School property then (1) the SFUSD plans to construct a replacement elementary school on the 349-65 7th Street and 45 Cleveland Street property and (2) the City would construct playing fields and open space on the former Bessie Carmichael School site. Until the SFUSD completes construction of the new school on the 349-65 7th Street and 45 Cleveland Street property, the City would permit the SFUSD to continue to use the current Bessie Carmichael School site.

The Option Agreement states that if the City fails to exercise the option to purchase the 349-65 7th Street and 45 Cleveland Street property within the five month option period for any reason other than (1) a failure to Close of Escrow, not caused by the City, or (2) a default by the Co-Trustees of the Trust of Josephine McCormack (Trust) under this Option Agreement which materially impairs the City's ability to exercise the Option, the Trust will retain the City's non-refundable deposit.

The other two real estate transactions contained in the MOU, which are not part of this subject proposed legislation, involve (1) SFUSD-owned property consisting of a portion of the play yard (approximately 15,729 sq. ft.) of the San Francisco Community School, located at 125 Excelsior Street, where the pending Excelsior Youth Center facility project is to be constructed and (2) City-owned property (approximately 82,570 sq. ft.) under the jurisdiction of the Water Department, located at 7th and Lawton Streets to be sold by the City to the SFUSD for an amount not to exceed $10,000. According to Mr. DeLucchi, this amount of $10,000 would be at least equal to (a) the present fair market value based on reversionary interest under a 75 year lease the School District has with the City on this property or (b) the City's historic cost of the property, as determined by the City's Director of Property. Mr. Delucchi states that the Public Utilities Commission (PUC) properties that are transferred to other public entities are sold at the original (historic) cost paid by the PUC. Mr. DeLucchi adds that the reversionary interest will not exceed $10,000 after 75 years. The MOU provides that the SFUSD will pay the City either the fair market value or the historic cost, whichever is greater. In the

memo from Mr. Barber (Attachment III), Mr. Barber also explains (1) the relationship between (a) the City's proposed purchase of the 349-65 7th Street and 45 Cleveland Street property and the subsequent exchange for the SFUSD's Bessie Carmichael School site and (b) the two other proposed real estate transactions (the 125 Excelsior Street and the 7th and Lawton Streets sites) and (2) the reasons why the MOCD and the SFUSD believe that both parties will benefit mutually from these proposed transactions.

Comments:

1. As previously reported, the 125 Excelsior Street property consisting of a portion of the play yard of the San Francisco Community School, containing approximately 15,729 square feet, is where the pending Excelsior Youth Center facility project is to be constructed. The 125 Excelsior Street property as well as the 7th and Lawton Street property are cited in the MOU between the Mayor and the SFUSD but are not the subject of this proposed legislation and will be subject to separate legislative approval by the Board of Supervisors.

2. In June of 1996, the Board of Supervisors approved an amendment to the 1996 Community Development Block Grant (CDBG) program, providing $2 million for design and pre-construction costs for a Youth Center in the City's Excelsior District (File 79-95-6.1). Mr. Barber advises that an additional $500,000 in included in the proposed 1997 CDBG budget for this Excelsior Youth Center project, bringing the total amount of CDBG funds available for the Excelsior Youth Center to $2.5 million. The Excelsior Youth Center project involves construction of a new, three-story, 22,000 square foot building at 125 Excelsior Street. The Center will provide facilities for basketball and other gym sports, computer learning, counseling, a recording studio, library/study hall, and other facilities for youth and young adults between the ages of 5 and 22.

3. Mr. Barber reports that the total costs, including construction costs, for the Excelsior Youth Center Project are estimated to be approximately $7 million, or $4.5 million more than the $2.5 million in available CDBG funds. Mr. Barber anticipates that the funding sources for the remaining $4.5 million in project costs include $2.3 million from SFUSD and $2.2 million from future Housing and Urban Development (HUD) funds, and foundation and corporate donations. Mr. Barber states that the MOCD will not request General Fund support for this project.

4. Attachment IV from Mr. DeLucchi of the Real Estate Department advises that the Bessie Carmichael School site to be provided to the City by the SFUSD consists of approximately 110,000 square feet of land and a school. According to Mr. DeLucchi, the Real Estate Department's estimated fair market value of this Bessie Carmichael School property is $5,950,000. Mr. DeLucchi further reports that the 7th and Harrison property at 349-65 7th Street and 45 Cleveland Street to be purchased by the City and then provided by the City to the SFUSD in exchange for the SFUSD's Bessie Carmichael School site consists of approximately 61,250 square feet of land. Mr. DeLucchi reports that the estimated fair market value of this 349-65 7th Street and 45 Cleveland Street property is $5,150,000, less a $305,000 credit for environmental cleanup, leaving a net fair market value of $4,845,000. Therefore, the City is gaining (a) 48,750 sq. ft. in additional square footage (110,000 square foot less 61,250 square feet) and (b) $1,105,000 in increased fair market value ($5,950,000 less $4,845,000) over that which the SFUSD is to receive, according to Mr. DeLucchi. However, when the $4,845,000 market value of the 7th and Harrison property is added to the $800,000 to be paid by the City to the SFUSD at the time when the City exchanges this 7th and Harrison property for the SFUSD's Bessie Carmichael property, then the total amount to be paid by the City for the 7th and Harrison property will be $5,645,000, which is $305,000 less than the $5,950,000 fair market value of the SFUSD's Bessie Carmichael School property.

5. The MOU between the Mayor and the SFUSD provides that the City would quitclaim to the SFUSD title to the entire San Francisco Community School site and that in turn the SFUSD would lease to the City a portion of the school playground facility at 125 Excelsior Street for the proposed Excelsior Youth Center facility for a 30 year period at a cost of $1 per year in order for the City to construct the Excelsior Youth Center project. Mr. Robert Haslam of the Real Estate Department states that the City holds title to the San Francisco Community School site property only as a passive trustee, without any power or control in the management of the property. Such authority is entirely vested in the Board of Education, according to Mr. Haslam. Therefore, Mr. Haslam advises that approval of the quitclaim which is contained in pending legislation before the Budget Committee of the Board of Supervisors (File 203-96-1), will not in any way change the City's ownership rights to the property, which are nonexistent. The MOU between the Mayor and SFUSD also provides that at the end of the 30 year term of the lease, the

City would have the option to purchase the leased property for $1. Additionally, the MOU provides (1) that the SFUSD would pay to the City the sum of $2,300,000 to be applied towards the construction of the Excelsior Youth Center facility.

6. However, as previously noted, the City Attorney's Office has reported that the MOU between the Mayor and the SFUSD "is not a legally binding contract between the parties..."

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made as of Sept. 16, 1996, between the City and County of San Francisco, represented by the Mayor, and the San Francisco Unified School District, represented by the Superintendent.

This MOU sets forth the principal terms and conditions under which the City and the School District intend to accomplish certain real estate transactions related to the construction and operation of a proposed Excelsior Youth Center on a portion of the existing San Francisco Community School site and the transfer of other real property between the City and the School District.

1. San Francisco Community School/Excelsior Youth Center

a. Quitclaim. The City would quitclaim to the School District title to the entire San Francisco Community School site at no cost to the School District. This transfer would be based on a finding that the City currently holds fee title to that site in trust for the benefit of the State of California, and the State, acting through the School District, is the beneficial owner of land upon which school improvements are built and used for school purposes and has the right to manage and control the property.

b. Ground Lease. The School District would ground lease to the City a portion of the playground which compromises the footprint of the proposed Excelsior Youth Center. The Ground Lease would be for a term of thirty (30) years with rent of One Dollar ($1) per year payable by the City to the School District. The City would own fee title to the improvements during the term of the Ground Lease. The Ground Lease would include an option for the City to purchase the leased property and the School District's reversionary interest in the improvements for One Dollar ($1) at the end of the Ground Lease term. The Ground Lease would include such other terms as negotiated between the parties, which may include but would not limited to construction requirements, indemnities, and other matters related to the construction and operation of the Excelsior Youth Center.

c. Construction Funding for Excelsior Youth Center

i. School District Funding. The School District would pay to the City the sum of Two Million Three Hundred Thousand Dollars ($2,300,000), to be applied towards construction of the Excelsior Youth Center. The School District anticipates that there will be sufficient funds available from the State of California Construction Fund (Leroy Greene Act) to provide most, if not all, of the Two Million Three Hundred Thousand Dollars ($2,300,000) it must contribute to the construction of the Youth Center. The amount would be paid in accordance with the Leroy Greene Act Construction Fund release procedures when the general contractor's contract is awarded.

ii. City Funding. The City would provide a maximum of Five Million Dollars ($5,000,000) for the construction of the Excelsior Youth Center. In no event would the City be required to provide any amounts in excess of $5,000,000.

iii. Cost Overruns. In the event construction costs for the Excelsior Youth Center, in accordance with plans and specifications approved by the City and the School District, exceed $7,300,000, the School District would be solely responsible for funding any construction costs in excess of that amount at the time and in a manner which would permit completion of construction without the filing of any liens or other encumbrances as a result of any delays in construction.

d. Bidding Requirements. The School District would be solely responsible for procuring the services of a general contractor for construction of the Excelsior Youth Center. Due solely to the fact that the City would be funding a portion of construction costs, the School District agrees to conduct such bidding and award the general contract in accordance with Chapter 12D of the San Francisco Administrative Code, to the extent allowed by State law.

e. Use of Excelsior Youth Center.

i. School District Use. The School District would have exclusive use of the gymnasium portion of the Excelsior Youth Center during regular school days/hours. In addition, the School District would have exclusive use of the entire Youth Center from 6:00 am through 12:00 noon on regular school days (September through June) for a period of thirty (30) years; subject to the right of the City or its successors to utilize portions of the Youth Center as needed and as agreed upon with the School District, and the City's or its successor's payment of costs for such use as described in Subsection (ii) (which costs shall not include rent).

ii. Allocation of Operational Responsibilities. The City and the School District would each be solely responsible for all costs associated with the use and operation of the any portion of the Excelsior Youth Center during the time that any such portion is reserved for the exclusive use of that party. Such costs would include, but not be limited to, utilities, janitorial services, insurance, security and staffing. Prior to commencement of operation of the Excelsior Youth Center, the parties would agree on a mechanism for allocating the appropriate operating costs to each party and for providing each party with the appropriate access to the Youth Center.

2. Water Department Property located at 7th & Lawton Streets.

a. Existing Ground Lease and Proposed Sale. The City, acting through its Public Utilities Commission ("PUC"), has previously ground leased tc the School District the property located at 7th & Lawton streets. The City intends to request that the Public Utilities Commission consider the following actions with respect to such property and lease:

i. That the PUC acknowledge the validity of the existing ground lease to the School District; and

ii. That the PUC declare such property to be surplus to the PUC, and recommend to the City's Board of Supervisors that the City's reversionary interest in such property be sold to the School District for an amount not to exceed Ten Thousand Dollars ($10,000.00), which shall be equal to the greater of (a) the present fair market value of such

reversionary interest, or (b) the City's historic cost of that property, as determined by the City's Director of Property.

b. School District Covenants. As a condition to its ability to purchase this property, the School District would agree, in the form of a deed restriction or other binding document acceptable to the City, to use the property solely for school uses for a term of at least thirty (30) years from the date of sale to the School District.

c. Sales Proceeds. The parties acknowledge that the proceeds from the sale of this property, as described in Section 2(a)(ii), would be deposited into the revenue account of the Public Utilities Commission.

3. Bessie Carmichael School/Proposed Property Exchange

a. Bessie Carmichael Property. The School District currently holds fee title to the land and improvements comprising the Bessie Carmichael School.

b. 7th & Harrison Property. The City, acting through its Director of Property, would use its reasonable efforts to enter into negotiations with the current owner of a portion of the property located at 7th & Harrison Streets (349-65 7th Street, 375 7th Street and 45 Cleveland Street) in order to purchase that property from its current owner. The School District would be allowed to participate in such negotiations, through the City's Department of Real Estate, to the extent necessary to protect the School District's interest as the potential ultimate owner of such property. Any such purchase, if finally consummated, would be funded solely with Open Space funds.

c. Proposed Property Exchange. In the event the City acquires either the 7th & Harrison Property or the right to acquire that property, the City and the School District would then immediately enter into the transactions necessary for them to exchange title to the Bessie Carmichael and 7th & Harrison properties, such that the School District would hold fee title to the 7th & Harrison property for development of a new school and the City would hold title to the Bessie Carmichael property. The proposed exchange would be subject, at a minimum, to the following conditions:

i. The City would pay to the School District Eight Hundred Thousand Dollars ($800,000) at the time of the exchange.

ii. Within three (3) years of the date of the exchange, the School District would be required to have completed construction of a new school facility on the 7th & Harrison property so that the facility is available for use by students of the existing Bessie Carmichael School. The School District would be solely responsible for paying all costs, performing all activities and obtaining all approvals associated with such construction, including but not limited to any such matters related to the presence of hazardous materials, if any, on the 7th & Harrison property.

iii. During such three-year period, the School District would be permitted to continue to operate the Bessie Carmichael School at its existing location at no cost to the City and at no rent to the School District.

iv. When construction of the replacement school is completed, the City and the School District would retain fee title to the Bessie Carmichael School site and the 7th & Harrison property, respectively. As a condition to its ability to exchange this property, the City would agree, in the form of a deed restriction or other binding document acceptable to the District, to use the property solely for open space and recreational purposes for a term of at least thirty (30) years from the date of the exchange.

d. Notwithstanding the transactions described above, the City's Department of Recreation and Parks and the School District would explore the possibility of the School District's being responsible for the construction of both the replacement school and proposed playing fields on the former site of the Bessie Carmichael School so as to maximize funds available to the School District for such construction.

4. Relationship of Transactions. The City and the School District intend that the process of documenting, obtaining approvals and satisfying any other conditions to the completion of each of the transactions described in Sections 1, 2 and 3 of this MOU may proceed independently of the other transactions, but that the closing of each transaction shall be conditioned on the parties' having entered into mutually acceptable agreements for the other transactions and have determined that appropriate conditions precedent have or will be satisfied.

5. Miscellaneous.

a. Notwithstanding anything to the contrary in this MOU, the parties acknowledge the following: This MOU is a non-binding understanding between the City and the School District with respect to the transactions described herein. In entering into this MOU, neither the School District nor the City are in any way limiting their discretion or the discretion of any department, board or commission with jurisdiction over any of the transactions described in this MOU from exercising any discretion available to such department, board or commission with respect to those transactions, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed project. In addition to any conditions described in this MOU, the obligations of the City and the School District are expressly subject to the receipt of all legally required approvals, including but not limited to approvals from the Real Estate Department, the Public Utilities Commission, the Recreation and Parks Commission, the Board of Supervisors and the San Francisco Board of Education; and to the negotiation and execution of all final agreements necessary to complete the transactions described herein.

b. All transactions described herein are subject to and must be conducted in accordance with the applicable requirements of the City's Charter and codes and applicable state or federal laws.

c. The parties acknowledge that the transactions described in this MOU may include indemnities from the City, the School District or other parties, and that any such indemnities are subject to required approvals of any party.

d. It is the intent of both parties to proceed expeditiously with the transactions described in this MOU. In any event, if the transactions described in this MOU are not completed and finally approved by September 1, 1997, this MOU shall be of no further force or effect as of that date, unless extended by mutual agreement of the parties.

The City and the School District have executed this Memorandum of Understanding as of the date first written above.

CITY	SCHOOL DISTRICT
The City and County of San Francisco, a municipal corporation	San Francisco Unified School District
By: ______________________	By: ______________________
Willie Lewis Brown, Jr. Mayor	Waldemar Rojas Superintendent

Attachment II

City and County of San Francisco

Office of the City Attorney

LOUISE H. RENNE
City Attorney

LESLIE B. TRUTNER
DEPUTY CITY ATTORNEY

DIRECT DIAL: (415) 554-3909

MEMORANDUM

TO: Harvey Rose
Budget Analyst

FROM: Leslie B. Trutner
Deputy City Attorney LT

DATE: October 24, 1996

RE: MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND THE SCHOOL DISTRICT REGARDING (1) EXCELSIOR YOUTH CENTER, (2) 7TH & LAWTON, AND (3) BESSIE CARMICHAEL

Per your request, this memorandum summarizes the effect of the nonbinding provisions of the above memorandum of understanding ("MOU").

The MOU outlines the general conditions under which the City and the School District will cooperate in (1) the development of the Excelsior Youth Center, (2) the transfer of 7th & Lawton Streets from the City to the School District, and (3) the construction of a replacement school for the Bessie Carmichael School. The MOU is not a legally binding contract between the parties which accomplishes any of those transactions. Rather, the MOU outlines intended transactions and evidences the good-faith intentions of the City and the School District to implement those transactions.

Section 5 of the MOU recognizes this fact, by emphasizing that the MOU is a "nonbinding understanding between the City and the School District." The MOU further recognizes that in "entering into this MOU, neither the School District nor the City are in any way limiting their discretion or the discretion of any department, board or commission with jurisdiction over any of the transactions described in [the] MOU from exercising any discretion available to such department, board or commission with respect to those transactions..." In the event that any required approval is not obtained for a particular transaction, the MOU does not legally obligate either the City or the School District to proceed with such transaction.

Please let me know if you need any further information.

L.T.

MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT

25 Van Ness Avenue, Suite 700, San Francisco, CA 94102
252-3100, FAX: 252-3110

Friday, October 25, 1996

TO: Harvey Rose, Budget Analyst, San Francisco Board of Supervisors

FR: John M. Barber, Program Coordinator, Mayor's Office of Community Development JMB

RE: Excelsior Youth Center-7th and Lawton Streets-Bessie Carmichael

This memorandum provides background on the various pieces of legislation associated with the construction of the Excelsior Youth Center.

In January 1996, the Mayor instructed his office of Community Development (MOCD) to immediately develop a youth center in the Excelsior District of San Francisco. MOCD staff began the process of community meetings and worked with youth center advocates to survey the Excelsior area for a site. The San Francisco Community School at 125 Excelsior Avenue was the only site that met the construction requirements for the proposed youth center. The Excelsior residents who are promoting the youth center felt the site was important because it offered them a youth center that was centrally located within the community.

MOCD staff then met with Superintendent Rojas and School District officials to discuss the possibility of constructing a youth center on a portion of the play yard at the Community School. The School District agreed to study our request and the impact building a youth center would have in the operation of the Community School.

Subsequently, a series of meetings was held with MOCD staff, School District staff and project architects in order to develop a proposal for a framework of how the youth center and the school would interact and identify the issues involved in the proposed transaction. These meetings produced a working agreement that set forth the respective responsibilities of the City and the School District to accomplish an interagency exchange of property and cooperation needed to construct the youth center: The School District and the City would construct the center as a joint venture on the school site and the School District would contribute an unspecified amount of funds for the construction of the center in exchange for (1) the school's sole use of the center's gymnasium during the school year, (2) a negotiated amount of use by the school of the center's classrooms, and (3) the sale by the City to the School District of the City's reversionary interest under a 75 year lease the School District holds on City property at 7th and Lawton Streets.

At this juncture in the negotiations, the Mayor requested his Special Assistant, Bill Maher meet with Superintendent Rojas and his staff and work out the specific details of the agreements in this transaction and formalize them into a Memorandum of Understanding (MOU). The MOU acts as a instrument to bind the two jurisdictions to act in good faith to a course of action that would result in the exchange of the school yard site for the City's youth center and the ownership of the City's site at 7th and Lawton Streets by the School District and further that the School District contribute 2.3 million dollars toward the construction cost of the youth center in exchange for use of the center by the school. These agreements regarding the exchange of the school site for the City's youth center and the ownership of the 7th and Lawton site by the School District are the essential elements that comprise the course of action necessary to develop the youth center and represents one of the City's highest priorities.

During the discussions and drafting of the MOU for the youth center and 7th and Lawton, the School District proposed reactivating a project that had been discussed and planned for the last four years and recently stalled in process. That project involved the School District's desire to build a new elementary school on a private property (McCormick Trust) adjacent to the current Bessie Carmichael Elementary School which is located in the South of Market. The School District does not have the funds to purchase the property and pay for building a new school. The School District proposed the City purchase the property and allow the School District to build a new elementary school on the site and exchange that site for the old school site which is a larger piece of property. The City would then develop the old school site into playing fields and open space. The project has been a priority of the San Francisco Open Space Committee for the last four years and the Recreation and Park Department has set aside 6 million dollars for the purchase of the property (McCormick Trust). The City has been unable to purchase any significant land to create open space in the South of Market and this situation created that opportunity. While this transaction is detailed in the MOU, it is not intrinsic to the agreements involving the development of the youth center and would be pursued on its own . It is clear that the agreement by both parties to act on the Bessie Carmichael project at this time adds an enhancement to the entirety of all the transactions.

On September 16, 1996 the Memorandum of Understanding (MOU) was signed by Mayor Brown and Superintendent Rojas. The MOU memorializes the Mayor and Superintendents agreements regarding the construction of the youth center at the school site, the City's sale of the reversionary interest at 7th and Lawton Streets as well as the agreement on the McCormick Trust - Bessie Carmichael proposal. These proposals represent the opportunity to significantly better the quality of life for the citizens of San Francisco and particularly the youth of the City.

Attachments:

Memorandum of Understanding, dated September 16, 1996
Map of the Bessie Carmichael site and the McCormick Trust site

cc: Priscilla Watts, Director, Mayor's Office of Community Development
Bill Maher, Special Assistant to the Mayor
Sandy Brown-Richardson, Budget Analyst's Office

City and County of San Francisco **Real Estate Department**

Office of the
Director of Property

October 23, 1996

7th and Harrison Streets

Sent Via Facsimile
252-0461

Harvey Rose
Budget Analyst
1390 Market Street, 10th Floor
San Francisco, California 94102

Dear Mr. Rose:

This is in response to your request that I provide certain information to you related to City's proposed acquisition of property located at 7th and Harrison Streets from the McCormick Trust, and the eventual exchange of said property with SFUSD for the adjacent Bessie Carmichael School property as described in the MOU dated September 16, 1996 between City and SFUSD. My comments follow:

- You asked if the amount of the nonrefundable deposit appropriately represents fair value for such a transaction. The City is proposing to pay $387,600 for a four month option with the ability to extend it for one additional month by payment of $96,900. This nonrefundable deposit will be applied to the $5,150,000 purchase price. To my knowledge, there is no fixed percentage relationship between option price and purchase price; however, such percentages tend to approximate 5 to 15% of the purchase price. The proposed option does fall within that range.

- The Recreation and Park Department has long sought to acquire additional South of Market recreation areas, and the Real Estate Department has been in negotiations for the McCormick Trust property for the last several years. The trustee for the subject property recently notified us that they were considering a long term lease for a major portion of the site, and the trustee required City to pay this nonrefundable deposit in order for the trustee to forego the lease opportunity. Payment of the option funds, therefore, seem appropriate in order to avoid the possible loss of this long sought after property.

- It is the opinion of the Real Estate Department that the proposed purchase price of $5,150,000 (less remediation costs) for the McCormick Trust property represents fair market value.

554-9850
FAX: 552-9218 25 Van Ness Avenue, Suite 400 San Francisco, 94102

Harvey Rose
Budget Analyst
October 23, 1996

- In response to your request that we provide you with our estimate of value for the current Bessie Carmichael School site; this site has an approximate value of $5,950,000 based upon an independent appraisal by Chris Carneghi, MAI.

- You also asked that I comment regarding language contained in the MOU; specifically, a portion of Clause 5 which states, "This MOU is a nonbinding understanding between the City and the School District." As previously stated, Rec-Park has long sought additional property South of Market for recreation purposes. This Rec-Park Department need is satisfied by the acquisition of the McCormick Trust site irrespective of the anticipated exchange with the School District. However, the anticipated exchange appears to provide a more desirable end result for both City and the Unified School District, since the District will be able to construct a school on the 61,250 sq.ft. McCormick Trust site without having to close down their existing school during construction. City's Rec-Park Department will gain since the Bessie Carmichael site contains 110,000 sq.ft., 48,750 sq.ft. larger than the adjacent McCormick site, and is rectangular in shape, thereby allowing for more efficient site utilization as a park.

Please let me know if you require any further information regarding this matter.

Sincerely,

Anthony J. DeLucchi
Director of Property

cc: Joel Robinson, Rec-Park
Bill Maher, Rec-Park
Steve Nelson, CA

AJD:kb

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Item 5 - File 101-96-13

Department:	Department of Human Services (DHS)	
Item:	Supplemental appropriation ordinance to fund In-Home Supportive Services (IHSS) contract payments to increase IHSS worker wages for Fiscal Year 1996-97.	
Amount:	$174,375	
Source of Funds:	$63,773	IHSS Federal Title 19 Medicaid Aid
	110,602	Reappropriation of IHSS Independent Provider Payments
	$174,375	

Description:

In-Home Supportive Services (IHSS) is an entitlement program, which provides funding for low-income seniors and disabled people to receive non-medical personal care and other household help in their homes from visiting workers. IHSS care can allow seniors and disabled people to remain in their own homes and thereby avoid unnecessary and expensive hospitalization or institutionalization.

IHSS workers in San Francisco function either (a) as independent providers (89 percent of IHSS hours per year), or (b) through a contract between DHS and the IHSS Consortium, which consists of non-profit providers of service (two percent of IHSS hours per year), or (c) through a contract between DHS and Addus, a private provider of services (nine percent of IHSS hours per year). The total annual IHSS hours provided by these three IHSS providers is approximately 6,380,000.

In accordance with Federal law, as of October 1, 1996, the minimum wage for all employees increased from $4.25 to $4.75, a $0.50 per hour increase. As a result, the State of California, which previously funded the $4.25 per hour wages, will now fund wages for independent provider IHSS workers up to $4.75 per hour. San Francisco's independent provider IHSS workers currently receive $4.90 per hour with the $0.65 difference ($4.90 per hour wages less $4.25 minimum wage) paid by the City's General Fund. Therefore, as of October 1, 1996, the increase in the State's funding of independent provider IHSS workers will reduce the cost to the City's General Fund. There would not be an increase in State revenues for the IHSS Consortium or Addus Contract providers because the State currently pays its share of these

providers' base contract rates, which are already higher than the new minimum wage.

The increase in State revenues for independent provider IHSS workers, as a result of the increase in the minimum wage, will reduce San Francisco's General Fund costs for paying the independent provider IHSS wages by approximately $950,000 in Fiscal Year 1996-97. However, the Department of Human Services is using this $950,000 General Fund savings to further increase the IHSS independent provider and the IHSS Consortium and Addus Contract provider wages by $0.31 per hour.

Under the proposed legislation, $110,602 from the IHSS Independent Provider Payments, previously approved in the FY 1996-97 budget but which is now surplus because of the increase in State funding, would be reappropriated for payments to the IHSS Consortium and the Addus contract providers. The proposed ordinance would also appropriate $63,773 of new Federal Title 19 Medicaid funds, which would be used to pay the two contract providers, the IHSS Consortium and Addus, for the additional $0.31 per hour wage increases, or a total appropriation of $174,375.

Approximately $839,398 ($950,000 General Fund savings less the $110,602 reappropriation) would be expended for the additional IHSS independent provider payments to allow the $0.31 per hour increase for the IHSS independent providers in FY 1996-97. These funds have previously been approved by the Board of Supervisors in the FY 1996-97 DHS budget to be used for IHSS independent provider payments, and are thus not reflected in the proposed ordinance.

The following table shows the current hourly wage rates and the proposed hourly wage rates with the $0.31 per hour increase for the three providers of IHSS services.

Provider of Service	Current Hourly Rates	Proposed $.31 Increase
Independent Providers	$4.90 per hour	$5.21 per hour
IHSS Consortium *	$5.82 per hour	$6.13 per hour
Addus Contract*	$6.71 per hour	$7.02 per hour

Comments:

1. Ms. Julie Murray Brenman of the DHS reports that the rates paid to each of the three providers varies because the private contractor and non-profit services reflect the bid rates approved by the City and the State. IHSS clients may be placed with service providers from any of the three options listed above, but the hours of service under the IHSS Consortium and the Addus Contract are limited and are not always available to every client. According to Ms. Murray Brenman, clients using IHSS services under the IHSS Consortium and the Addus Contract generally do so because they are less able to hire, supervise and schedule their IHSS workers, which would be necessary if they used independent providers. The IHSS Consortium and Addus hire, supervise and schedule workers on behalf of these clients.

2. IHSS independent providers are hired directly by the clients, and receive the hourly wages reflected above for Independent Providers with only workers compensation benefits. The IHSS Consortium workers currently receive an average of $5.82 per hour and are employees of one of several non-profit agencies belonging to the IHSS Consortium. The Addus Contract employees currently receive an average of $6.71 per hour. In addition, the IHSS Consortium and Addus Contract employees receive health and other benefits as well as sick, vacation and holiday benefits. According to Ms. Murray Brenman, if the proposed $0.31 per hour increase is approved, in accordance with contract provisions with the IHSS Consortium and Addus, and the independent providers, all of the proposed increase, less employer taxes (approximately $0.04 of the $0.31 increase) will accrue directly to the employees.

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* The IHSS Consortium and Addus Contract hourly wages shown in the table reflect the approximate rates paid by the contract providers to their employees. The City presently pays the IHSS Consortium $12.64 per hour and proposes to pay the IHSS Consortium $12.95 per hour, with the proposed $0.31 increase. The City also presently pays Addus $12.93 per hour currently and proposes to pay Addus $13.24 per hour with the proposed $0.31 increase.

3. Although the rates paid for each of the three providers of IHSS services vary, the Department of Human Services' FY 1996-97 budget included a $0.65 increase in the hourly wages for all IHSS providers. This increase of $0.65 per hour for all IHSS workers wages was funded through a combination of City General Fund ($2.6 million) and Federal Title 19 ($158,000) monies.

Overall, the City's General Fund currently provides approximately $10.5 million annually for all types of IHSS workers' wages. The proposed supplemental appropriation would not require any additional costs to the City's General Fund.

4. As shown in the attached memorandum from Ms. Murray Brenman, the DHS is recommending the $0.31 per hour increase for all IHSS workers based on the Social Services Commission meeting of February 8, 1996, the IHSS Public Authority, DHS Commissioners, Service Employees International Union (SEIU), IHSS clients and IHSS workers. All of these representatives consistently indicated "the desire to pay IHSS workers a living wage." The memorandum further states "Historically, IHSS clients have had difficulties retaining qualified workers given the low wages. It is our belief that IHSS providers receiving the wages under discussion ($4.90 to $7.02 per hour) are underpaid." Furthermore, Ms. Murray Brenman indicates that the proposed supplemental appropriation will not increase the current budgeted level of General Fund revenues.

5. As previously noted, the increase in the Federal minimum wage law took effect on October 1, 1996. Although the proposed ordinance to increase the rates of all the IHSS providers by $0.31 per hour has not yet been approved by the Board of Supervisors, and is the subject of this proposed legislation, the Department of Human Services began paying the higher rates to all IHSS providers as of October 1, 1996. It should be noted that this action was not required because all IHSS workers were already receiving more than the minimum wage as of October 1, 1996.

According to Ms. Murray Brenman, the minimum wage law was approved by Congress without sufficient advance notice to prepare the local legislation in time to meet the October 1, 1996 deadline and the DHS already had most of the additional funds in their budget to pay for the

anticipated wage increase for all the IHSS providers. In addition, according to Mr. Mike Martin of the Mayor's Budget Office, the Mayor's Office encouraged the Department of Human Services to take advantage of the additional Federal and State funds that would be made available and thus to begin making the higher payments to IHSS providers as of October 1, 1996. Therefore, the proposed ordinance should be amended to be made retroactive since the increase in the wage rates have been paid since October 1, 1996.

6. If the proposed supplemental appropriation is not approved, it would result in approximately $792,000 of additional savings to the General Fund for FY 1996-97, based on nine months (October 1 through June 30) of payments. Such additional General Fund savings on an annual basis would be an estimated $1,266,667.

Recommendations: Amend the proposed ordinance to make the funds available retroactive to October 1, 1996.

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

City and County of San Francisco

Department of Human Services

Michael S. Wald
Executive Directo

Deputy Directors
Sally Kipper
Pat Reynolds
John R. Vera

MEMORANDUM
via fax

October 24, 1996

TO: Debra Newman 252-0461, 6 pages
Budget Analyst's Office

FROM: Julie Murray Brenman JMB
Budget & Fiscal Operations Manager, DHS

RE: Wages for IHSS Providers

Per your request, I am attaching the minutes from the February 8, 1996 Social Services Commission meeting. On this and many other occasions, our Commission has expressed its desire to provide IHSS workers with a higher wage when it is fiscally prudent. The minutes reflect the testimony of members of the IHSS Public Authority, DHS commissioners, SEIU, IHSS clients and IHSS workers, all of whom consistently indicated the desire to pay IHSS workers a living wage. Historically, IHSS clients have had difficulties retaining qualified workers given the low wages. It is our belief that IHSS providers receiving the wages under discussion ($4.90 to $7.02 per hour) are underpaid. You may note that IHSS providers, many of whom work less than 40 hours per week, are eligible to receive AFDC or GA with these wages and for the most part do not earn enough income to exceed the federal poverty line.

Attachment

(415) 557-5000 P.O. Box 7988 San Francisco, California 94120

Items 6 and 7 - Files 64-96-20 and 101-96-14

Department:	Department of Telecommunications and Information Services (DTIS) Real Estate Department
Items:	File 101-96-14: Supplemental appropriation ordinance appropriating $1,629,731 for moving expenses and related costs of the Department of Telecommunications and Information Services which is being relocated from leased space at 1155 Market Street and City-owned space at 240 Van Ness Avenue to the 5th floor of leased space at 875 Stevenson Street. File 64-86-20: Resolution authorizing the leased space modification of an existing lease of real property at 875 Stevenson Street for the Department of Telecommunications and Information Services and the renewal of existing space for future terms for the first four floors of 875 Stevenson Street (see Comment No. 3).
Amount:	$1,629,731

Source of Funds:

General Fund Reserve	$531,121
DTIS Internal Service Fund Balance	750,000
Reappropriation of Professional and Special Services expenditures previously approved in the FY 1996-97 Budget	348,610
Total	$1,629,731

Description: This supplemental appropriation request (File 101-96-14) would pay for increased rental costs, equipment lease/purchase costs, moving costs, leasehold improvements and prepaid rent.

Budget:

Prepaid Rent:		
(18 Months at $43,333 per month)	$780,000	
Less Discount	(37,050)	
Subtotal		$742,950
Tenant Improvement Costs:		
Construction Cost	$1,210,428	
Contractor's Fees	63,669	
Contingency	38,223	
Subtotal Construction	$1,312,320	
Add Architectural Costs	172,000	
Subtotal	$1,484,320	
Less Tenant Improvement Allowance	(937,625)	
City's Tenant Improvement Costs		$546,695
Equipment Lease/Purchase:		
170 Workstations @ $4,294	$729,980	
220 Chairs @ $519	114,180	
Total Equipment Costs	$844,160	
Lease/Purchase cost of above cited equipment (1st year payment of five payments)		225,076
Moving Costs		45,000
Resource Room Improvements		40,000
Move Coordinators		30,010
Total Proposed Expenditures		$1,629,731

Location of Lease (File 64-96-20): 875 Stevenson Street (5th floor)

Purpose of Lease: Office space for the Department of Telecommunications and Information Services.

Lessor: WESTERN MART CO., dba San Francisco Mart

No. of Sq. Ft. and Cost Per Month: The DTIS would lease a total of approximately 32,500 square feet at $1.33 per sq. ft. per month for a rental cost of $43,333 per month (see Comment No. 1).

Annual Cost: $519,996

% Increase over 1995-96: The current monthly rent is $27,347 or $328,164 annually or $1.41 per sq. ft. for 19,397 square feet at 1155 Market Street. The proposed annual rent of $519,996 represents an annual increase of $191,832 or an increase of 58.5 percent (see Comments 1, 2 and 8).

Term of Lease: From completion of tenant improvements (not later than March 1, 1997) through November 30, 2002 or a period of approximately five years and nine months.

Utilities and Janitor Provided by Lessor: The City would be responsible for paying for electricity, which would add approximately $0.38 per square foot annually, or a total of $12,498 annually in addition to the annual rental costs of $519,996. The City would also be responsible for providing janitorial services estimated to cost $43,875 annually.

Right of Renewal: The City shall have an option to extend the lease for one six month period, two one year periods and one five year period or a total option of 71/2 years at the current rent or 95 percent of the then fair market rental value whichever is higher and may elect any or all of these options in any order.

Comments:

1. As previously noted, DTIS would be moving from (a) leased space at 1155 Market Street and (b) City-owned space at 240 Van Ness Avenue to the proposed leased space on the 5th floor of 875 Stevenson Street. The DTIS advises that in addition to the 19,397 sq. ft. that the DTIS is currently leasing at 1155 Market Street, the DTIS is also utilizing approximately 12,000 square feet of City-owned space at 240 Van Ness Avenue for a total of 31,397 sq. ft., or 1,103 less than the proposed leased space on the 5th floor at 875 Stevenson Street which contains 32,500 square feet. According to Mr. Paul Romito of the DTIS, the additional space of 1,103 square feet is being requested to relocate two employees of the City's Electronic Information Processing Steering Committee (EIPSC) from the War Memorial Building and to locate the new Director of DTIS and five additional new unfilled positions, for a total of six new positions which were previously approved by the Board of Supervisors in the Fiscal Year 1996-97 budget. The six new positions and the relocation of two EIPSC employees from the War Memorial Building or a total of 8 employees would bring the number of DTIS employees to be relocated to 875 Stevenson Street to a total of 185 employees, including 177 employees to be moved from 1155 Market Street (159 employees) and 240 Van Ness (18 employees). Based on the total of 32,500 sq. ft. of space to be occupied by the 185 DTIS employees under the proposed lease, each employee would occupy an average of approximately 176 sq. ft.

2. According to Mr. Romito, DTIS plans to request an additional ten positions for the 911 Project in the Fiscal

Year 1997-98 budget which would increase the total number of employees to 195 and would reduce the average space for each employee to approximately 167 square feet.

3. There is an existing lease at 875 Stevenson Street, under which eight City departments including the Controller, Treasurer/Tax Collector, Assessor, Assessment Appeals, County Clerk/Recorder, Permit Appeals, Central Reproduction, of the Purchaser's Office and some offices of the Department of Public Works lease the first four floors containing 121,570 square feet of space. Therefore, in addition to adding the 5th floor space for the DTIS, this proposed resolution would also authorize the renewal of the 121,570 square feet of existing space for future terms as follows:

Time Period	Monthly Rate Per Square Foot
1/27/98 to 1/26/99	$1.24*
1/27/99 to 11/30/00	$1.33
12/1/00 to 11/30/02	$1.42

*Same as current rate.

According to Mr. Steve Legnitto, of the Real Estate Department, the reason why the proposed lease modification for the DTIS at 875 Stevenson Street on the fifth floor has a proposed monthly rental of $1.33 per square foot whereas the first four floors at 875 Stevenson Street are presently being leased at $1.24 per month for the eight other City departments is because the fair market rates have increased since the existing lease for the eight other departments was negotiated.

The proposed resolution would also amend the lease to provide the City with an option to lease any additional full floors in the building at 875 Stevenson Street as they become available.

4. Attachment 1 is a memorandum provided by Mr. DeLucchi of the Real Estate Department, which includes additional information pertaining to the proposed lease. As recommended in his memorandum of October 11, 1996, Mr. DeLucchi states "In order to fund tenant improvements, the City will pay Landlord eighteen (18) months advance rent discounted at approximately 6% net present value, for the 5th floor space only, upon substantial completion."

5. Attachment 2, provided by the Real Estate Department, is a detailed budget and explanation for each element of the gross tenant improvement costs totaling $1,484,320, resulting in net Tenant Improvement costs to be incurred by the City of $546,695 after deducting the $937,625 tenant improvement allowance.

6. According to Mr. Romito, it is necessary for DTIS to purchase new office systems because of the built-in-place furniture at the existing leased space at 1155 Market Street which cannot be moved to the new office space at 875 Stevenson Street and because the current DTIS partitions at 1155 Market Street and 240 Van Ness would need to be rewired at a prohibitive cost to mitigate a potential fire hazard.

7. The proposed supplemental appropriation request for furniture includes $114,180 for the replacement of 220 chairs @ $519 each. This request includes new chairs for all 185 existing positions of the DTIS plus an additional 35 chairs for conference rooms and the DTIS resource center. Mr. Reid Kennedy, of the Purchaser's Office, reviewed the specifications of the chair on which the DTIS based their budget estimate and has advised the Budget Analyst that chairs of comparable quality can be obtained for $370 or $149 less than the amount included in the budget. Therefore, the amount required for the purchase of furniture can be reduced by $32,780 from $114,180 to $81,400. Since the furniture is proposed to be acquired on a lease/purchase basis, the first year payment request of $225,076 should be reduced by $8,740 to $216,336.

8. The proposed relocation will allow the DTIS to vacate the remaining 18 employees from the City owned space at 240 Van Ness, which has been declared seismically unsafe, and to consolidate its staff of 185 employees into a single location at 875 Stevenson Street. Most of the DTIS employees have already vacated the 240 Van Ness space and approximately half of it is now being used for storage. According to Mr. Romito, the previous relocation of staff from 240 Van Ness has resulted in overcrowding at the 1155 Market Street location. Further additional space is needed for new positions and other transferred positions as well as to provide for adequate training facilities.

Recommendations: 1. Amend the proposed supplemental appropriation to reduce the requested amount by $8,740 from $1,629,731 to $1,620,991 including reducing the Equipment Lease/Purchase account by $8,740 for chairs from $225,076 to $216,336, and approve the ordinance as amended (File 101-96-14).

2. Approve the proposed resolution (File 64-96-20).

City and County of San Francisco

Real Estate Department
Office of the
Director of Property

October 16, 1996

Through Mr. William L. Lee
City Administrator

Department Of Telecommunications
And Information Services
Proposed Lease Amendment To:
875 Stevenson Street

Honorable Board of Supervisors
City and County of San Francisco
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

Dear Board Members:

We recommend that you approve the attached Resolution authorizing a new lease amendment with City as Tenant, and WESTERN MART CO., dba San Francisco Mart, as Landlord, for the entire fifth floor at 875 Stevenson Street, to be used as office space for the Department Telecommunications and Information Services. The lease amendment also extends the lease of the first four floors, currently being occupied by various City departments.

The Department of Telecommunications and Information Services (DTIS) is being forced out of 1155 Market Street (6th & 9th Floors) due to an escalating leasing market. Prior to the Landlord reneging on a leasing letter of intent, this department, just created by the new City Charter, was programmed to occupy 34,000 square feet of office space. With the collapse of that transaction, we have negotiated a full floor lease at 875 Stevenson Street, and condensed DTIS to fit in 32,500 square feet on the fifth floor. This was accomplished by maximizing a single floor design layout and using furniture panel systems rather than DTIS existing stand alone furniture.

The term of the lease expansion pertaining to the 5th floor, will begin upon completion of the tenant improvements, no later than December 31, 1996, and continue until November 30, 2002. The City will have the option of extending the lease term for one (1) six month period, two (2) one year periods, and one (1) five year period at the higher of the current rent at the expiration or 95% of then fair market rent, and may elect all or any combination of the options in any sequence it desires.

The base rent for the fully serviced expanded 5th floor lease area, net of janitorial service and electricity, from substantial completion of the fifth floor space through November 30, 2000 is $43,333 per month ($1.33 per square foot per month), the rent from December 1, 2000 through November 30, 2002 is $46,042 per month ($1.42 per square foot per month), unless funds for rental payments are not appropriated in any subsequent City fiscal year, at which time the City may terminate the lease with advance notice to the Landlord. There will be no consumer price index increase during the initial or extended term.

In order to fund tenant improvements, the City will pay Landlord eighteen (18) months advance rent discounted at approximately 6% net present value, for the 5th floor space only, upon substantial completion. The total prepaid rent will be $742,962 ($780,012 less discount of $37,050). The Landlord will provide the necessary tenant improvements for the Department of Telecommunications and Information Services up to a sum of $937,625 ($28.85 per rentable square foot), along with other improvements, at Landlord's cost, as required by the San Francisco Building Code, Title 24 and by the Americans with Disabilities Act (ADA). The City will provide the necessary telecom and data wiring. The City will pay for its tenant improvement cost exceeding the tenant allowance maximum of $937,625, paid by the Landlord. The City's share of these necessary tenant improvement cost will amount to $546,695, and will exclude additional landlord costs attributed to core building work, and City costs for telecommunication wiring and furniture.

The lease amendment will provide for an extension of the lease pertaining to the first four floors of 875 Stevenson Street, comprising an area of 121,570 square, on behalf of various City departments, from January 27, 1998 through November 30, 2002, coterminous with the fifth floor expansion area. The lease amendment will also provide the City with option to lease any additional full floors in the building as they become available.

The base rent for the fully serviced first four floors lease area, net of janitorial service and electricity, from January 27, 1998 through January 26, 1999 will be $150,747 per month ($1.24 per square foot per month). The rent from January 27, 1999 through November 30, 2000 will be $162,093 per month ($1.33 per square foot per month), and the rent from December 1, 2000 through November 30, 2002 will be $172,224 per month ($1.42 per square foot per month), unless funds for rental payments are not appropriated in any subsequent City fiscal year, at which time the City may terminate the lease with advance notice to the Landlord. There will be no consumer price index increase during the initial or extended term. The

extension options discussed in the fifth floor lease above will also apply to these four floors.

Additionally, the Department of Telecommunications and Information Services will finance the purchase of necessary furniture systems through the City's financial office, in an amount not to exceed $844,000, with first year lease payment not to exceed $215,320.

This lease amendment will also provide the City with the option of electing to lease bicycle storage space in the subject building at a rate and location to be determined, as specified in Article 1.5 of the San Francisco Planning Code.

We have been advised that payments required for the fifth floor DTIS space will be available subject to a pending supplemental appropriation. Funds for the extension of the first four floors would be payable for one year from ESP II bond funds. From January of 1999 until November 30, 2002, this lease would be paid from the general fund or various department's budgets. For additional information regarding this transaction, please contact Steve Legnitto of this office at 554-9871.

Sincerely,

Anthony J. DeLucchi
Director of Property

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875 Stevenson Street
5th Floor Budget

BBI Construction
Proj. No.: 656MA
Revision 1
Tenant Improvement Work Only - Compressed Schedule

Project Name: SF Mart 2
Area: 32,500 sq.ft.
Bid Date: 9/18/96
Duration: 77 days

CSI	Description	Total
01040	Project Coordination	73,646
01041	Job site Supervision	38,088
01500	Temporary Facilities	16,376
01600	Equipment Rental	5,796
01600	General Labor	37,352
01710	Project Clean-up	11,224
	Division 1 Totals:	182,482
	Add for Labor OT	21,120
	Div. 1 Total for compressed Schedule	203,602
02050	Demolition	6,550
06200	**Carpentry - Allowance**	2,300
06410	Cabinet Work and Case Work	19,130
07200	Ceiling Insulation	3,183
08100	Doors/hardware	42,479
08800	Glazing	4,633
09250	Gyp Board	169,373
09510	Acoustical Ceilings	56,828
09680	Carpeting/Res. Flooring	94,284
09700	**Floor Preparation Allowance**	5,000
09900	Painting	26,826
10400	**Signage Allowance**	5,000
15300	Fire Protection	32,365
15350	Fire Suppression System: FM-200	22,821
15400	Plumbing	28,293
15500	HVAC	166,672
16400	Electrical	321,090
	Direct Costs Total	1,006,826
17000	Contractor's Fee	63,669
	Subtotal	1,312,320
	Architectural Fees	172,000
		$1,484,320
	Tenant Allowance	- 937,625
	Net Overage	$546,695

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Item 8 - File 101-96-15

Department:	Airport
Item:	Ordinance appropriating $189,327,750 from proceeds of Airport Revenue Bonds, Issue 13 for capital improvement projects, capitalized interest costs and professional services.
Amount:	$189,327,750
Source of Funds:	Airport Second Series Revenue Bonds, Issue 13

Description:

The Board of Supervisors previously approved a resolution approving the Airport's issuance of up to $192,700,000 of Airport Second Series Revenue Bonds, Issue 13 for the purpose of financing certain infrastructure improvements at the Airport (File 170-96-8). The bond sale is scheduled to occur on November 19, 1996.

The proposed ordinance would appropriate $189,327,750 in Airport Second Series Revenue Bonds for the purpose of financing infrastructure improvements, capitalized interest expenses and professional services.

Included in this request of $189,327,750 are nine capital improvement projects. The total cost of these nine projects is $152,491,000 as follows:

1. American with Disabilities Act (ADA) Improvements Phase II ($4,043,000)
2. On-call Pavement Overlay and Reconstruction ($1,148,000)
3. North Terminal Carpet Replacement ($1,715,000)
4. Plot 7E Parking Structure ($22,320,000)
5. Rental Car Facility at Lot D ($106,228,000)
6. Common Use Terminal Equipment ($887,000)
7. West Field Detention Basin ($6,900,000)
8. Replacement of Moving Walks Boarding Areas "E" and "F" Tunnels ($3,250,000)
9. BART Extension to the Airport ($6,000,000)

The capitalized interest costs, totaling $18,334,131 represent the payment of debt service for revenue generating facilities (i.e., the Paring Structure at Plot 7E and the Rental Car Facility) prior to the completion of the overall capital improvement projects.

Professional services and related costs associated with the bond issuance are estimated by the Airport to cost $501,640. Mr. Dave Glasser of the Airport states that the Airport will use a financial team to provide financial advisors, bond counsel, airport consulting and trustee services. Members of this team were selected by the Airport through a competitive process, according to Mr. Glasser. The Attachment provided by the Airport lists the firms selected, the estimated contract amounts and the MBE/WBE status of the contractors.

Mr. Glasser advises that the current estimated interest rate for the projected $189,327,750 bond sale scheduled for November 19, 1996 is approximately 7.5 percent. According to Mr. Glasser, the total cost of the debt service for the $189,327,750 in Airport Second Series Revenue Bonds to be paid over a 30 year period would be approximately $489,484,414 based on an estimated interest rate of 7.5 percent. The average annual debt service would be approximately $16,316,147.

Budget:

The Attachment provided by Mr. Glasser contains a detailed explanation and budget for each of the proposed expenditures included in this request of $189,327,750.

Comments:

1. The Airport reports that it has not, as yet, selected the contractors to perform the necessary capital improvement project work. As such, the $152,491,000 in bond funds earmarked for this purpose, should be placed on reserve pending submission of the contractors selected, the MBE/WBE status of the contractors and the contract cost details.

2. Mr. Glasser advises the above noted capital improvement projects are part of the Airport's on-going infrastructure improvements and are not a part of the Airport's Master Plan.

3. The Budget Analyst notes that the capitalized interest costs of $17,065,110 listed on page 2 of the Attachment provided by the Airport does not match the $18,334,131 amount included in the proposed legislation for these expenses. As such, the Budget Analyst will request that the Airport submit a revised Attachment to clarify this matter.

4. As noted above, the subject Airport Revenue Bonds are not scheduled to be sold until November 19, 1996. Based on an inquiry from the Budget Analyst, Ms Susan Andrus of the Controller's Office advises that the Controller's Office is requesting that the proposed ordinance be continued pending the sale of the subject bonds.

Recommendations: 1. Amend the proposed ordinance to reserve $152,491,000 for the capital improvement projects pending submission of the contractors selected, the MBE/WBE status of the contractors and the contract cost details.

2. Continue the proposed ordinance, as amended, to the Call of the Chair.

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Steve Agostini
Paul Horcher
Ted Lakey

Breakdown of Professional Service & Other Issuance Costs

	Estimated Contract Amount	Percent of Sub Total	MBE/WBE Status
Co- Financial Advisors			
Lazard Freres & Co	$104,000	27.26%	——
Grigsby Branford & Co.	$96,000	25.16%	MBE
Co Bond Counsel			
Orrick Herrington & Sutcliffe	$70,000	18.35%	——
Law Offices of Pamela Jue	$24,500	6.42%	WBE
Airport Consultant			
John F. Brown Company	$75,000	19.66%	——
Trustee			
Wells Fargo Bank	$12,000	3.15%	——
Subtotal	$381,500	100.00%	
Miscellaneous			
Printing/Mailing Official Statement	$40,140		
Rating Agency Fees	$80,000		
Total	$501,640		

Breakdown of Total Bond Costs

	Total	13A	13T
Gross Proceeds	$192,700,000	$58,461,092	$134,238,908
Deposit to Construction Funds	$169,556,110	$51,439,727	$118,116,383
Debt Service Reserve Fund	$19,270,000	$5,846,109	$13,423,891
Professional Services & Other Issuance Costs	$501,640	$152,187	$349,453
Appropriation Total	$189,327,750	$57,438,023	$131,889,727

Projects to be Funded From the Proceeds

Project Description	Amount
Americans with Disabilities Act Improvements Phase II	$4,043,000
On-Call Pavement Overlay and Reconstruction	$1,148,000
North Terminal Carpet Replacement	$1,715,000
Plot 7E Parking Structure	$22,320,000
Rental Car Facility at Lot D	$106,228,000
ARINC - Common Use Terminal Equipment	$887,000
West Field Detention Basin	$6,900,000
Replacement of Moving Walks Boarding Areas "E" and "F" Tunnels	$3,250,000
BART	$6,000,000
	$152,491,000 *

*The Difference between the deposit to the Construction fund and the project costs ($17,065,110) represents the capitalized interest costs.

Estimated Debt Service Costs

Par Amount of Bonds	$192,700,000
Interest Rate	7.50%
Term of Bonds (years)	30
Annual Debt Service Cost	$16,316,147
Total Debt Service Costs	$489,484,414

Contract 2349 II - Americans with Disabilities Act Improvements Phase II
Total Cost: $4,043,000

This is the second phase of a two-phase project that will bring the Airport into compliance with the Americans with Disabilities Act (ADA) requirements, which was signed into law in July 1990. The project will cover the remaining improvements not covered in previous phases, such as elevators, terminal drinking fountains and escalators.

Contract 3512 - On-Call Pavement Overlay and Reconstruction
Total Cost: $1,148,000

This contract will procure a contractor for pavement work on runways, taxiways, aprons, and roadways on an as-needed basis. This will avoid hasty negotiations for emergency work.

Contract 3568 - North Terminal Carpet Replacement
Total Cost: $1,715,000

This contract will replace worn-out and faded carpet at all 3 levels of the North Terminal. Signs of deterioration are already apparent in the existing carpet, which will need replacement by 1997.

Contract 5602 - Plot 7E Parking
Total Cost: $22,320,000

A new parking structure will be built on Plot 7E for tenants in the West Field area. The parking structure will have 6 floors and approximately 1,200 parking stalls. The building will be approximately 360,000 sq. ft.

Contract TBD - Rental Car Facility
Total Cost: $106,228,000

This project will build a new facility to house rental car firms at the Airport. Passengers will pick up and drop off their cars from one central location. This facility will generate a surplus revenues for the Airport.

Contract 3471- ARINC-Common Use Terminal Equipment
Total Cost: $887,000

An ARINC CUTE System will be installed in the existing International Terminal. The ARINC CUTE System will help alleviate congestion in the existing International Terminal. Carriers can be moved as needed along the check-in counters with these generic systems.

Contract 3487 - West Field Detention Basin
Total Cost: $6,900,000

This project will construct a new underground West Field drainage detention basin to replace the existing West Field detention pond. This project is required to provide more storage capacity to meet the State of California stormwater requirements.

Contract 3466 Replacement of Four moving Walks, B/A E & F Tunnels
Total Cost: $3,250,000

This project will replace four moving walks in B/A E & F tunnels. The Escalator and Transportation Division of Westinghouse, the original manufacture of the existing moving walks in tunnels "E" and "F", stopped manufacturing escalators and moving walks over eight years ago. The Airport Maintenance Department , for the past three years, has been spending about $20,000-$25,000 every quarter for repair work in order to keep them running. The existing walks have surpassed their useful life, breaking doen at an unaccepted rate. The down time is getting longer. Parts are scarce, and more often they have to be fabricated in-house.

The new moving walks will take about 10 months to a year to be fabricated and installed, and will require less than 10% of the existingrequired maintenance.

Contract TBD - BART Initial Design Costs
Total Cost: $6,000,000

This will pay for the initial design and engineering cost associated with the BART extension to the Airport.

issue13.kev

BOARD of SUPERVISORS

401 Van Ness Avenue, Room 308
San Francisco 94102-4532
554-5184

OCTOBER 31, 1996

NOTICE OF CANCELLED MEETING
BUDGET COMMITTEE

NOTICE IS HEREBY given that the regularly scheduled meeting of the Budget Committee for Wednesday, November 6 1996, at 1:00 p.m., has been cancelled. The next regular meeting is scheduled for Wednesday, November 13 1996, at 1:00 p.m.

John L. Taylor
Clerk of the Board

POSTED: OCTOBER 31, 1996

MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, NOVEMBER 13, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:10 P.M.

GENERAL

1. File 203-96-1. [Quitclaim Deed, Excelsior Youth Center] Ordinance authorizing and directing execution of a Quitclaim Deed from the City and County of San Francisco to the San Francisco Unified School District, a political subdivision of the State of California, for the San Francisco Community School site, and adopting findings pursuant to City Planning Code Section 101.1. (Supervisors Shelley, Bierman) (COMPANION TO THE FOLLOWING FILES)

(Consideration continued from 10/2/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Shelley; Bill Maher, Special Assistant to the Mayor; Amit Ghosh, Planning Department; Tony DeLucchi, Real Estate Department; Clifford Graves, Redevelopmen Agency; Waldemar Rojas, SF Unified School District; Harvey Rose, Budget Analyst; Leslie ______, Deputy City Attorney. IN SUPPORT: Jerry Conkick; Suzanne Gautier; Denise Collazo; Jim Espinoza; David Hooper; John Elman; Greg Garr; Rod Ed Stewart; Janet Shirley; Jim Wachob; Tim Thompson. OPPOSED: Slinkly Kosner; Dr. Robert Sorenson; Shelley Schaener; Choo Eng Grosso; Denis F. Quinn; Annie Yee; John Barry; G. Joseph Bertain, Jr. David Carlson; Rebecca Silverberg; Frank Hamilton; Lucia Paulozzo.

ACTION: SUBSTITUTE LEGISLATION CHANGING FROM ORDINANCE TO RESOLUTION BEARING SAME TITLE PRESENTED IN COMMITEE BY SUPERVISOR HSIEH. RESOLUTION ADOPTED. RECOMMENDED. TITLE: "Resolution authorizing and directing execution of a Quitclaim Deed from the City and County of San Francisco to the San Francisco nified School District, a political subdivsion of the State of California, for the San Francisco Community School site, and adopting findings pursuant to City Planning Code Section 101.1." (Supervisor Hsieh and Kaufman requested to be added as co-sponsors.)

VOTE: 3-0.

2. File 64-96-14. [Lease of Real Property] Resolution authorizing the City, as tenant, to enter into a lease with the San Francisco Unified School District, as landlord, for the lease of a portion of the San Francisco Community School play yard for the construction and operation of a youth center, which lease includes an option for the City to purchase the leased property and indemnities given by the City. (Supervisors Shelley, Bierman) (COMPANION TO THE PRECEDNIG AND FOLLOWING FILES)

(Consideration continued from 10/2/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Shelley; Bill Maher, Special Assistant to the Mayor; Amit Ghosh, Planning Department; Tony DeLucchi, Real Estate Department; Clifford Graves, Redevelopmen Agency; Waldemar Rojas, SF Unified School District; Harvey Rose, Budget Analyst; Leslie ______, Deputy City Attorney. IN SUPPORT: Jerry Conkick; Suzanne Gautier; Denise Collazo; Jim Espinoza; David Hooper; John Elman; Greg Garr; Rod Ed Stewart; Janet Shirley; Jim Wachob; Tim Thompson. OPPOSED: Slinkly Kosner; Dr. Robert Sorenson; Shelley Schaener; Choo Eng Grosso; Denis F. Quinn; Annie Yee; John Barry; G. Joseph Bertain, Jr. David Carlson; Rebecca Silverberg; Frank Hamilton; Lucia Paulozzo.

ACTION: HEARING HELD. REVISED DRAFT GROUND LEASE DATED 11/13/96 BETWEEN THE SAN FRANCISCO UNIFIED SCHOOL DISTRICT AND THE CITY AND COUNTY OF SAN FRANCISCO PRESENTED IN COMMITTEE. ADOPTED. AMEND ON PAGE 1 OF THE RESOLUTION, LINE 21, AFTER "6496014" INSERT "AS AMENDED BY THE VERSION SUBMITTED ON NOVEMBER 13, 1996, TO QUANTIFY THE PARTIES' OBLIGATIONS TO FUND DEVELOPMENT AND CONSTRUCTION COSTS RELATED TO THE YOUTH CENTER." RECOMMENDED AS AMENDED. (Add Supervisors Hsieh and Kaufman as co-sponsors.)

VOTE: 3-0.

3. File 84-96-3. [Option to Acquire Property] Resolution authorizing the Director of Property to enter into an option agreement for the purchase of real property located at 349-65 - 7th Street and 45 Cleveland Street and the payment of a non-refundable deposit of up to four hundred eighty-four thousand five hundred dollars ($484,500). (Real Estate Department) (COMPANION TO THE PRECEDING AND FOLLOWING FILES)

(Consideration continued from 10/30/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Shelley; Bill Maher, Special Assistant to the Mayor; Amit Ghosh, Planning Department; Tony DeLucchi, Real Estate Department; Clifford Graves, Redevelopmen Agency; Waldemar Rojas, SF Unified School District; Harvey Rose, Budget Analyst; Leslie _____, Deputy City Attorney. IN SUPPORT: Jerry Conkick; Suzanne Gautier; Denise Collazo; Jim Espinoza; David Hooper; John Elman; Greg Garr; Rod Ed Stewart; Janet Shirley; Jim Wachob; Tim Thompson. OPPOSED: Slinkly Kosner; Dr. Robert Sorenson; Shelley Schaener; Choo Eng Grosso; Denis F. Quinn; Annie Yee; John Barry; G. Joseph Bertain, Jr. David Carlson; Rebecca Silverberg; Frank Hamilton; Lucia Paulozzo.

ACTION: HEARING HELD. RECOMMENDED. (Supervisors Hsieh, Kaufman and Bierman requested to be added as co-sponsors.)

VOTE: 3-0

4. File 199-96-4. [Lease and Interdepartmental Transfer] Resolution recognizing the validity of the existing ground lease for the property located at 7th Avenue and Warren Drive from the City and County of San Francisco to the San Francisco Unified School District ("District"), removing from that lease the restriction providing that the lease shall terminate if the District fails to obtain bids for the construction of a school on that property by July 1, 1995, and authorizing a transfer of said property to the District. (Real Estate Department) (COMPANION TO THE PRECEDING FILES)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mindy Linetzky, representing Supervisor Shelley; Bill Maher, Special Assistant to the Mayor; Amit Ghosh, Planning Department; Tony DeLucchi, Real Estate Department; Clifford Graves, Redevelopmen Agency; Waldemar Rojas, SF Unified School District; Harvey Rose, Budget Analyst; Leslie _____, Deputy City Attorney. IN SUPPORT: Jerry Conkick; Suzanne Gautier; Denise Collazo; Jim Espinoza; David Hooper; John Elman; Greg Garr; Rod Ed Stewart; Janet Shirley; Jim Wachob; Tim Thompson. OPPOSED: Slinkly Kosner; Dr. Robert Sorenson; Shelley Schaener; Choo Eng Grosso; Denis F. Quinn; Annie Yee; John Barry; G. Joseph Bertain, Jr. David Carlson; Rebecca Silverberg; Frank Hamilton; Lucia Paulozzo.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. On Page 2, line 11, after "November" insert "7"; on line 12, after "No" insert "14230". RECOMMENDED AS AMENDED. (Add Supervisors Hsieh, Kaufman and Bierman as co-sponsors.)

VOTE: 3-0.

5. File 97-96-59. [San Francisco General Hospital Trust Fund] Ordinance amending the Administrative Code by adding Secton 10.117-12 to establish in the treasury of the City and County of San Francisco a Special Fund, to be known and designated as the San Francisco General Hospital Trust Fund. (Department of Public Health)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

6. File 258-96-1.1. [Chinese Historical Society of Amercia] Resolution approving and authorizing a deferred loan to the Chinese Historical Society of America for the acquisition of real property at 965 Clay Street and conversion of the property to a national learning ceter and Chinese History Museum and approving conditions for forgiveness of repayment of the Loan. (Supervisors Hsieh, Bierman) (COMPANION TO THE FOLLOWING FILE)

DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Steve Augustino, Office of the Mayor. IN SUPPORT: Jasime Tam; Phillip Choy. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (TO BOARD MEETING OF MONDAY, NOVEMBER 25, 1996. (Supervisor Kaufman requested to be added as a co-sponsor.)

VOTE: 3-0.

FISCAL

7. File 101-96-20. [Appropriation, Mayor's Office of Community Development] Ordinance rescinding $800,000 from a Convention Facilities Fund capital project and re-appropriating the funds to the Mayor's Office of Community Development for the acquisition and renovation of the Chinese Historical Society Building for fiscal year 1996-97. (Supervisors Hsieh, Bierman) RO #96136 (COMPANION TO THE PRECEDING FILE)

DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Steve Augustino, Office of the Mayor. IN SUPPORT: Jasime Tam; Phillip Choy. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (TO BOARD MEETING OF MONDAY, NOVEMBER 25, 1996. (Supervisor Kaufman requested to be added as a co-sponsor.)

VOTE: 3-0.

8. File 101-96-17. [Appropriation, Department of Public Works] Ordinance appropriating $165,000, Department of Public Works, of Broadway Parking Lot revenues to cover the costs of the acquisition and disposition of Steuart/Folsom Street parcels and the design and administration of the Mid-Embarcadero Roadway Artwork Project for fiscal year 1996-97. (Controller) RO #96108

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

COMMUNITY DEVELOPMENT

9. File 68-96-6. [1997 Emergency Shelter Grants Program] Resolution approving the 1997 Emergency Shelter Grants Program expenditure schedule and authorizing the Mayor on behalf of the City and County of San Francisco to apply for, accept and expend a $684,000 entitlement under the Emergency Shelter Grants Program from the U.S. Department of Housing and Urban Development. (Supervisor Hsieh)

SPEAKER: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

10. File 68-96-7. [HOME Program] Resolution authorizing the Mayor to apply for, accept and administer a grant from the U.S. Department of Housing and Urban Development for a total amount not exceed $6,241,000 for the HOME Program authorized under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625 and approving the HOME Program description as described in the 1997 Action Plan for San Francisco's Consolidated Plan; indirect costs associated with the acceptance of these grant funds will be paid by Community Development Block Grant funds. (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Jon Pon, Mayor's Office of Community Development. IN SUPPORT: Helen Martinter. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. On Page 1, line 2, Page 2, line 5, replace the word "administer" with "expend". In the title, line 10, after "funds" add "placing $474,100 on reserve." On Page 2 add a further resolved clause to read: "That funds in the amount of $474,100 are hereby placed on reserve pending the submission of details as to how the funds would be expended, and are to be released by the Budget Committee." AMENDED TITLE: "Resolution authorizing the Mayor to apply for, accept and administer a grant from the U.S. Department of Housing and Urban Development for a total amount not exceed $6,241,000 for the HOME Program authorized under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625 and approving the HOME Program description as described in the 1997 Action Plan for San Francisco's Consolidated Plan; indirect costs associated with the acceptance of these grant funds will be paid by Community Development Block Grant funds. Placing $474,100 on reserved."

VOTE: 3-0

11. File 79-96-3. [Community Development 1997 Block Grant] Resolution approving the 1997 Community Development Program; authorizing the Mayor to apply for, receive and expend the City's 1997 Community Development Block Grant (CDBG) entitlement from the U.S. Department of Housing and Urban Development, transfer and expend reprogrammed funds from prior year Community Development programs and program income generated by the San Francisco Redevelopment Agency up to $29,591,922, which include indirect costs of $120,000; approving expenditure schedules for recipient departments and agencies and for indirect costs, and determining no environmental evaluation is required; authorizing the receipt and deposit in contingencies of 1997 CDBG entitlement funds in excess of $26,179,000. (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Priscilla Watts, Mayor's Office of Community Development; Marsha Rosen, Mayor's Office of Housing. IN SUPPORT: Mark Dunlap, Citizens Committee on Community Development; Henon Maitta, Marguerite Gee; Malama Kuta. OPPOSED: Maria Moreno;Mary Davis; Cythina Rulleo. Sgt. Ric Schiff, SF Police Department; Sgt. Frank Hutchins, Sheriff's Department; Kim Leong; Marie Lee; Sealk Seal; Fia Carlos; Ian Hayden; Faye Popoalii; Sue Panama-Tofaeono; Karen Miller.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add the following agencies for funding: $10,000 for the Mission Reading Clinic; $30,000 for the Volunteer Center of San Francisco; $29,600 for STAR/FORMA; Contingencies of $595,955. On Page 1, line 9 after "schedules" insert "as amended 11/13/96"; on Page 2, line 5 after "Proposal" insert "as amended 11/13/96. AMENDED TITLE: "Resolution approving the 1997 Community Development Program; authorizing the Mayor to apply for, receive and expend the City's 1997 Community Development Block Grant (CDBG) entitlement from the U.S. Department of Housing and Urban Development, transfer and expend reprogrammed funds from prior year Community Development programs and program income generated by the San Francisco Redevelopment Agency up to $29,591,922, which include indirect costs of $120,000; approving expenditure schedules as amended 11/13/96 for recipient departments and agencies and for indirect costs, and determining no environmental evaluation is required; authorizing the receipt and deposit in contingencies of 1997 CDBG entitlement funds in excess of $26,179,000." (TO BOARD MEETING MONDAY, NOVEMBER 25, 1996.)

VOTE: 3-0.

12. File 101-96-7.1. [Reserved Funds, Mayor's Office of Community Development] Consideration of release of reserved funds, Mayor's Office of Community Development, (Convention Facilities Fund), in the amount of $1.1 million to fund the Gay/Lesbian Community Center Project at 1800-1810 Market Street. (Supervisors Katz, Ammiano, Leal)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Dana van Gorder, Department of Public Health; Steve Augustino, Office of the Mayor; Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF $1.1 MILLION APPROVED. FILED. (Supervisor Kaufman requested to be added as a co-sponsor.)

VOTE: 3-0.

TIME MEETING ADJOURNED: 5:21 P.M.

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/96

(pg 61)

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

November 8, 1996

TO: Budget Committee

FROM: Budget Analyst recommendations for meeting of

SUBJECT: November 13, 1996 Budget Committee Meeting

Items 1 and 2 - Files 203-96-1 and 64-96-14

Note: These items were continued by the Budget Committee at its meeting of October 2, 1996.

Department: Real Estate
Mayor's Office of Community Development

Items: File 203-96-1: Ordinance authorizing and directing execution of a quitclaim deed from the City and County of San Francisco to the San Francisco Unified School District, a political subdivision of the State of California, for the San Francisco Community School site, and adopting findings pursuant to City Planning Code Section 101.1.

File 64-96-14: Resolution authorizing the City, as tenant, to enter into a lease with the San Francisco Unified School District, as landlord, for the lease of a portion of the San Francisco Community School play yard for the construction and operation of a youth center, which lease includes an option for the City to purchase the leased property and indemnities given by the City.

Location: Portion of the play yard of the San Francisco Community School, 125 Excelsior Street.

Purpose of Lease: Construction and operation of the Excelsior Youth Center.

Lessor: San Francisco Unified School District (SFUSD)

Lessee: City and County of San Francisco

Area: Approximately 15,729 square feet, to be used for construction of a three-story, 22,000 square foot building.

Annual Cost: $1.00 payable by the City and County of San Francisco to the SFUSD

Term of Lease: December 1, 1996 to November 30, 2026 (30 years), with an option for the City to purchase the land from SFUSD for $1.00 upon expiration of the 30-year lease term.

Utilities and Janitorial Service: Costs to be shared by City and SFUSD on a prorated basis based on use of the facility by each entity.

Description: In June of 1996, the Board of Supervisors approved an amendment to the 1996 Community Development Block Grant (CDBG) program, providing $2 million for design and pre-construction costs for a Youth Center in the City's Excelsior District (File 79-95-6.1). Mr. John Barber of the Mayor's Office of Community Development (MOCD) advises that an additional $500,000 is included in the proposed 1997 CDBG budget for this project, bringing the total amount of CDBG funds available for this Youth Center to $2.5 million. The Excelsior Youth Center project involves construction of a new, three-story, 22,000 square foot building at 125 Excelsior Street. The Center will provide facilities for basketball and other gym sports, computer learning, counseling, a recording studio, library/study hall, and other facilities for youth and young adults between the ages of 5 and 22 (See Comment No. 4 for construction funding details).

The land at 125 Excelsior Street is part of an existing playground for the San Francisco Community School, a public elementary school. The proposed resolution (File 64-96-14) would authorize a long term (30 years) lease of this land by the City and County of San Francisco as lessee from the SFUSD as lessor, at a nominal rental cost of $1.00 per year payable by the City. Upon expiration of the lease, the City would have the option to purchase the land for $1.00 from the SFUSD.

The proposed ordinance (File 203-96-1) is a companion measure to the proposed lease (File 64-96-14), authorizing a quitclaim deed from the City to the SFUSD for the subject property. According to Mr. Robert Haslam of the Department of Real Estate (DRE), when the site for the San Francisco Community School was purchased in 1905, the SFUSD was a department of the City and County, so purchase of this school site was made by the City and County for the SFUSD. However, Mr. Haslam states that the City and County holds title to the property only as a passive trustee, without any power or control in the management of the property. Such authority is entirely vested in the Board of Education, according to Mr. Haslam. Therefore, Mr. Haslam advises that approval of the quitclaim will not in any way change the City's ownership rights to the property, which are nonexistent. Mr. Haslam states that the proposed ordinance executing a quitclaim deed from the City to SFUSD is for purposes of clarifying that the SFUSD holds title to the land, and can therefore lease the land to the City.

Comments:

1. On September 16, 1996, the Mayor and the SFUSD entered into a Memorandum of Understanding (MOU), which outlines the conditions under which the City and the SFUSD intend to accomplish three real estate transactions between the two jurisdictions. This MOU was not subject to approval by the Board of Supervisors. The MOU is a non-binding understanding between the Mayor and the SFUSD with respect to these three real estate transactions.

According to Mr. John Barber of the Mayor's Office, the MOU acts as an instrument to bind the two jurisdictions to act in good faith to a course of action that would result in the shared use of the school yard site adjacent to the proposed Excelsior Youth Center and the ownership of the City's site at 7th and Lawton Streets by the SFUSD, such that the SFUSD would contribute \$2.3 million toward the construction cost of the Excelsior Youth Center in exchange for partial use of the Excelsior Youth Center by the School District

The proposed ordinance authorizing the quitclaim deed (Item 1, File 203-96-1) and the accompanying resolution authorizing the City to enter into a lease with the SFUSD (Item 2, File 64-96-14), pertains only to the property at 125 Excelsior Street, where the Excelsior Youth Center facility is to be constructed. Although the other two real estate transactions contained in the MOU are not covered by the proposed ordinance or resolution, they are contained in other

legislation that are currently pending before the Board of Supervisors.

Under the MOU between the Mayor and the SFUSD, the City would also exchange the 349-65 7th Street and 45 Cleveland Street (7th and Harrison or McCormick Trust) property for the SFUSD's Bessie Carmichael School site property which will be used by the City for open space and playing fields. See Item 3, File 84-96-3 of the November 13, 1996 Budget Committee report for additional details regarding this related real estate transaction.

The third real estate transaction covered by the MOU between the Mayor and the SFUSD involves City-owned property (approximately 82,570 square feet) under the jurisdiction of the Water Department, located at 7th and Lawton Streets to be sold by the City to the SFUSD for an estimated $7,600. See Item 4, File 199-96-4 of the November 13, 1996 Budget Committee report for additional details regarding this related real estate transaction.

2. On May 21, 1996 the Board of Education authorized the Superintendent of Schools to enter into the proposed lease with the City. The proposed lease was subsequently amended. The amended lease was approved by the Board of Education on October 8, 1996. This report reflects the provisions of the amended lease.

3. The Planning Department has issued a letter, included as an attachment to this report, which states that the proposed lease and quitclaim are in conformity with the Master Plan and the Eight Priority Policies of Planning Code Section 101.1. The findings of the Planning Department would be incorporated by reference to the proposed ordinance authorizing the quitclaim (File 203-96-1).

4. Mr. Barber advises that the total costs, including construction costs, for the Excelsior Youth Center Project are estimated to be approximately $7 million, or $4.5 million more than the $2.5 million in available CDBG funds. Mr. Barber anticipates that the funding sources for the remaining $4.5 million in project costs include $2.3 million from SFUSD and $2.2 million from future Housing and Urban Development (HUD) funds, and foundation and corporate donations. He states that the MOCD will not request General Fund support for this project. Mr. Tim Tronson Director, Property Management and Operations of the SFUSD advises that the SFUSD will provide $2.3 million from State Leroy Greene Construction Funds (capital

improvement funds) for this project, subject to the availability of funds.

5. Mr. Barber states that the MOCD will issue a Request for Proposal (RFP) to obtain an operator for the Excelsior Youth Center, once construction is underway. Mr. Barber advises that the MOCD plans to sublease the property to the selected operator. Such sublease is authorized under the terms of the proposed lease. The City would be required to obtain the written consent of the SFUSD to any sublease and/or operating agreement, but the proposed lease states that such consent shall not be unreasonably withheld.

Mr. Barber states that the MOCD may request CDBG funds to support start-up costs for the operator at a later date, but he advises that the operator will be expected to obtain independent operating revenues to fully cover ongoing program costs.

6. The proposed lease (File 64-96-14) states that, prior to start of construction, the City and the SFUSD will enter into another Memorandum of Understanding (MOU) regarding (1) scheduling and staging of construction, (2) agreements pertaining to the shared use of the school and the youth center and (3) security for the elementary school and the youth center. Mr. Barber advises that, because the MOU would exclusively cover issues related to implementation of the proposed lease, the MOCD would negotiate and approve the MOU administratively and therefore the MOU would not be subject to separate legislative approval by the Board of Supervisors.

7. Mr. Barber states that the Excelsior Youth Center project would occupy approximately one-third of the current play yard of the San Francisco Community School. However, Mr. Barber advises that the MOCD plans to permit the elementary school to utilize the planned gymnasium during school hours.

8. The proposed lease (File 64-96-14) would indemnify the SFUSD for any losses incurred as a result of the construction work, the City's use of the property, or the City's default or negligent acts regarding the subject premises, unless such losses are related to active negligence or willful misconduct on the part of the SFUSD. In turn, the SFUSD would indemnify the City for any losses arising from default or negligence on the part of the SFUSD.

9. The proposed lease (File 64-96-14) would give the SFUSD the right to approve design plans and specifications for the Excelsior Youth Center. The SFUSD would have 30 days to review such plans and specifications in terms of their compatibility with the lease, general appearance and compatibility with the elementary school.

10. According to Mr. Harry Quinn of the Real Estate Department, the City would be the owner of Excelsior Youth Center facility. As stated above, the term of the proposed lease is 30 years, with an option for the City to purchase the land from the SFUSD for $1.00 after the lease expires.

11. If the Board of Supervisors wishes to have approval authority over the pending MOU between the City and the SFUSD (see Comment No. 6 above), an MOU which is to be entered into prior to the start of construction of the Excelsior Youth Center facility, then the proposed resolution (File 64-96-14) should be amended to make the MOU subject to such Board approval.

Recommendation: Approval of the proposed ordinance (File 23-96-1) and resolution (File 64-96-14) is a policy decision for the Board of Supervisors.

Attachment

PLANNING DEPARTMENT

City and County of San Francisco 1660 Mission Street San Francisco, CA 94103-2414

(415) 558-6378 PLANNING COMMISSION FAX 558-6409 ADMINISTRATION FAX 558-6426 CURRENT PLANNING/ZONING FAX 558-6409 LONG RANGE PLANNING FAX 558-6426

Mr. John Barber
Mayor's Office of Community Development
25 Van Ness Avenue Suite 700
San Francisco, CA 94102

June 19, 1996

Re: 96.210R Transfer of a portion of AB 6012, lot 5; (163-167 London Street) from the CCSF to the S.F. Unified School District; lease of a portion of the property from the Unified School District to the CCSF.

Pursuant to Section 3.527 of the Charter, the subject referral was received from the Mayor's Office on May 6, 1996, and the following report is submitted:

The proposed project is the transfer of the property (Assessor's Block 6012, lot 5) from the City and County of San Francisco to the Unified School District, and the lease of a portion of the property from the Unified School District to the City and County of San Francisco.

The project is in conformity with the Master Plan, as described in the attached case report.

The project received environmental review in a Negative Declaration prepared by the San Francisco Unified School District, which was adopted on May 28, 1996.

The project has been reviewed for consistency with the Eight Priority Policies of Planning Code Section 101.1 and the findings are included in the attached case report.

Sincerely,

Amit K. Ghosh
Director of Planning

Attachments:

96.210R Case Report, and
Planning Code Section 101.1 findings

cc: John Taylor, Clerk of the Board
Leslie Trutner, City Attorney

96.210R
Excelsior Youth Center

Item 3 - File 84-96-3

Note: This item was continued by the Budget Committee at its meeting of October 30, 1996

Departments: Mayor's Office of Community Development (MOCD)
Recreation and Park Department (RPD)
Real Estate Department

Item: Resolution authorizing the Director of Property to enter into an option agreement for the purchase of real property at 349-65 7th Street and 45 Cleveland Street, also known as the 7th and Harrison property, (as well as the McCormick Trust property, located adjacent to Bessie Carmichael School) and the payment by the City to the property owners of a non-refundable deposit of $387,600, in consideration for the City having an option to purchase the property within a four month period, and payment by the City to the property owners of a non-refundable deposit of $96,900 in consideration for the City having an option to purchase the property for one additional month, thereby resulting in the City paying a total non-refundable deposit amount of $484,500 in consideration for the City having an option to purchase the property within five months.

Amount: $484,500

Source of Funds: Open Space and Park Fund - RPD advises that there is a current balance of $8,818,808 appropriated in the RPD's 1996-97 budget, which more than covers the current estimated costs for the payment of the non-refundable deposit of $484,500 and the purchase of the subject property in the amount of $4,360,500.

Description: The MOCD is proposing to purchase the 7th and Harrison property located at 349-65 7th Street and 45 Cleveland Street and in turn exchange this property for the adjacent Bessie Carmichael School site, which is owned by the San Francisco Unified District. The MOCD advises that this exchange of properties between the City and SFUSD was proposed by the San Francisco Unified School District (SFUSD) as part of a Memorandum of Understanding between the Mayor and the SFUSD involving two other real estate transactions, namely Water Department property located at 7th and Lawton Streets and the San Francisco Community School at 125 Excelsior Street. On September 16, 1996, the Mayor and the SFUSD entered into a Memorandum of Understanding (MOU), which outlines the conditions under which the City

and the SFUSD intend to accomplish the three real estate transactions (see Attachment I).

The MOU is a non-binding understanding between the Mayor and the SFUSD with respect to the three real estate transactions contained in the MOU. The MOU states that "Notwithstanding anything to the contrary in this MOU, the parties acknowledge the following: This MOU is a non-binding understanding between the City and the School District with respect to the transactions described herein".

Attachment II is memo from Ms. Leslie Trutner of the City Attorney's Office which explains the "non-binding" provision in the MOU and its force or effect on either the City or the SFUSD. Ms. Trutner states that "The MOU is not a legally binding contract between the parties." "Rather the MOU outlines intended transactions and evidences the good-faith intentions of the City and the School District to implement those transactions." However, it should be noted this MOU between the City and the School District was not subject to Board of Supervisors approval.

The proposed legislation pertains only to an Option Agreement to purchase the 349-65 7th Street and 45 Cleveland Street (7th and Harrison) property. Under the MOU between the Mayor's Office and the SFUSD, the City would exchange the 349-65 7th Street and 45 Cleveland Street property for the SFUSD's Bessie Carmichael School site property which will be used by the City for open space. At the time of the exchange, the City would pay the SFUSD $800,000 per the MOU, which represents the difference in the fair market value between the 7th and Harrison property at 349-65 7th Street and 45 Cleveland Street ($5,150,000) and the fair market value of the SFUSD's Bessie Carmichael School site property ($5,950,000) (see Comment No. 3). This $800,000 would also be paid for by the RPD's Open Space and Park Fund. However, this exchange of property, and any payments related thereto, would be the subject of separate future legislation subject to approval by the Board of Supervisors.

The proposed legislation would (1) authorize the execution of an Option Agreement between the City and the Co-Trustees of the Trust of Josephine McCormick (the property owners) to grant the City the exclusive option to purchase the 7th and Harrison property consisting of three parcels of land, with a total land area of approximately 61,250 square feet, located at 349-65 7th Street and 45 Cleveland Street (adjacent to the Bessie Carmichael School site), and (2) authorize a payment

by the City to the property owners of $484,500 consisting of a non-refundable deposit, including $387,600 for a four month option and $96,900 for an additional one month option, in consideration for the City to have an option to purchase the 7th and Harrison property at 349-65 7th Street and 45 Cleveland Street for up to 5 months from the property owners.

According to Mr. Larry Jacobson of the Real Estate Department, the subject property is within a proposed Redevelopment Agency project area, which is currently being reviewed by the City Planning Department to determine whether the Redevelopment Area Plan Amendment is consistent with the City's General Plan and whether any General Plan Amendments would be required. The Planning Department and Redevelopment Agency are jointly preparing an Environmental Impact Report on the Redevelopment Plan Amendment, which includes the required environmental analysis on the proposed acquisition of the subject property and property exchange. As shown in Attachment III, from Mr. Amit K. Ghosh, the Director of Planning and Mr. Clifford W. Graves the Executive Director of the Redevelopment Agency, the Draft EIR was published on September 20, 1996 and they expect that the Planning Commission and the Redevelopment Commission will certify the EIR on January 23, 1997. The Planning Commission would report on conformity of the proposed Redevelopment Plan Amendment with the City's General Plan and recommend General Plan findings to the Board of Supervisors, and the Redevelopment Commission would approve the proposed Redevelopment Plan amendment, prior to action by the Board of Supervisors. The planning process will include Planning Commission hearings, reviewing and Certifying the Environmental Impact Report, Planning Commission adoption of a General Plan Amendment to designate the Bessie Carmichael School site for acquisition as public open space, and Commission review and adoption of a General Plan Referral on the acquisition of the real property at 349-365 7th Street and 45 Cleveland Street (7th and Harrison), transfer of this property to the SFUSD, and transfer of the Bessie Carmichael School site from the SFUSD to the City for its development as public open space. Other actions by the Board of Supervisors, with respect to this planning review, are anticipated to take up to an additional two months, according to Mr. Shotland of the Planning Department.

Mr. Jacobson reports that the $484,500 ($387,600 for four months plus $96,900 for one additional month) non-refundable deposit represents the payment for the five-month

option period needed for the above noted planning review and related activities, during which time the City would retain the exclusive option to purchase the 7th and Harrison property at 349-365 7th Street and 45 Cleveland Street. According to Mr. Jacobson, if the City exercises this option, the $484,500 non-refundable deposit together with the $305,000 for environmental cleanup would be credited against the $5,150,000 purchase price of the property, leaving a balance of $4,360,500 ($5,150,000 less $484,500 less $305,000) to be paid by the City for the purchase of the property. As previously noted, the source of funds for the purchase of the 7th and Harrison property, as well as the non-refundable deposit, would be the RPD's Open Space and Park Fund. Mr. Joel Robinson of the RPD advises that there is a balance of $8,818,808 appropriated in the Open Space and Park Fund to pay for the non-refundable deposit and the purchase of the subject property. According to Mr. Robinson, the RPD has been accruing monies in the Open Space and Park Fund for the purchase of the subject property over the last six to seven years. However, the actual purchase of the 7th and Harrison property at 349-365 7th Street and 45 Cleveland Street and appropriation of monies related thereto would be subject to separate legislative approval by the Board of Supervisors.

Attachment IV is a memorandum from Mr. John Barber of the MOCD explaining (a) why the SFUSD doesn't directly purchase the 349-65 7th Street and 45 Cleveland Street property from the property owners instead of the City purchasing the 349-65 7th Street and 45 Cleveland Street (7th and Harrison) property and then exchanging this property for the SFUSD's Bessie Carmichael School site property and (b) why the City then doesn't just purchase the Bessie Carmichael School site directly from the SFUSD. According to Mr. Barber's memorandum (see Attachment IV), Mr. Barber states that the reason that the SFUSD is not directly purchasing the 7th and Harrison Street property at 349-65 7th Street and 45 Cleveland Street (also known as the McCormack Trust property) is because "During the discussions and drafting of the MOU for the youth center and 7th and Lawton, the School District proposed reactivating a project that had been discussed and planned for the last four years and recently stalled in process. That project involved the School District's desire to build a new elementary school on a private property at 7th and Harrison (McCormick Trust) adjacent to the current Bessie Carmichael Elementary School which is located in the South of Market. <u>The School District does not have the funds to purchase the property and pay for building a new school</u> (emphasis added). The School District

proposed the City purchase the property and allow the School District to build a new elementary school on the site and exchange that site for the old school site which is a larger piece of property."

The proposed legislation provides that the City's purchase of the 7th and Harrison property at 349-65 7th Street and 45 Cleveland Street, in contrast to this subject legislation authorizing only the option to purchase, the subject property, would require separate future legislative approval by the Board of Supervisors. If the City purchases this property and exchanges it for the SFUSD's Bessie Carmichael School property then (1) the SFUSD plans to construct a replacement elementary school on the 349-65 7th Street and 45 Cleveland Street property and (2) the City would construct playing fields and open space on the former Bessie Carmichael School site. Until the SFUSD completes construction of the new school on the 349-65 7th Street and 45 Cleveland Street property, the City would permit the SFUSD to continue to use the current Bessie Carmichael School site.

The Option Agreement states that if the City fails to exercise the option to purchase the 349-65 7th Street and 45 Cleveland Street property within the five month option period for any reason other than (1) a failure to Close of Escrow, not caused by the City, or (2) a default by the Co-Trustees of the Trust of Josephine McCormack (Trust) under this Option Agreement which materially impairs the City's ability to exercise the Option, the Trust will retain the City's non-refundable deposit.

Comments:

1. The other two real estate transactions contained in the MOU, which are not part of this subject proposed legislation, but which are also items being considered by the November 13, 1996 Budget Committee involve (1) SFUSD-owned property consisting of a portion of the play yard (approximately 15,729 sq. ft.) of the San Francisco Community School, located at 125 Excelsior Street, where the pending Excelsior Youth Center facility project is to be constructed (Items 1 and 2, Files 203-96-1 and 64-96-14) and (2) City-owned property (approximately 82,570 sq. ft.) under the jurisdiction of the Water Department, located at 7th and Lawton Streets to be sold by the City to the SFUSD for an amount not to exceed $10,000 (Item 4- File 199-96-4). In the memo from Mr. Barber (Attachment IV), Mr. Barber also explains (1) the relationship between (a) the City's proposed purchase of the 349-65 7th Street and 45 Cleveland Street property and the subsequent exchange for the SFUSD's

Bessie Carmichael School site and (b) the two other proposed real estate transactions (the 125 Excelsior Street and the 7th and Lawton Streets sites) and (2) the reasons why the MOCD and the SFUSD believe that both parties will benefit mutually from these proposed transactions.

2. However, as previously noted, the City Attorney's Office has reported that the MOU between the Mayor and the SFUSD "is not a legally binding contract between the parties..."

3. Attachment V from Mr. DeLucchi of the Real Estate Department advises that the Bessie Carmichael School site to be provided to the City by the SFUSD consists of approximately 110,000 square feet of land and a school. According to Mr. DeLucchi, the Real Estate Department's estimated fair market value of this Bessie Carmichael School property is $5,950,000. Mr. DeLucchi further reports that the 7th and Harrison property at 349-65 7th Street and 45 Cleveland Street to be purchased by the City and then provided by the City to the SFUSD in exchange for the SFUSD's Bessie Carmichael School site consists of approximately 61,250 square feet of land. Mr. DeLucchi reports that the estimated fair market value of this 349-65 7th Street and 45 Cleveland Street property is $5,150,000, less a $305,000 credit for environmental cleanup, leaving a net fair market value of $4,845,000. Therefore, the City is gaining (a) 48,750 sq. ft. in additional square footage (110,000 square foot less 61,250 square feet) and (b) $1,105,000 in increased fair market value ($5,950,000 less $4,845,000) over that which the SFUSD is to receive, according to Mr. DeLucchi. However, when the $4,845,000 market value of the 7th and Harrison property is added to the $800,000 to be paid by the City to the SFUSD at the time when the City exchanges this 7th and Harrison property for the SFUSD's Bessie Carmichael property, then the total amount to be paid by the City for the 7th and Harrison property will be $5,645,000, which is $305,000 less than the $5,950,000 fair market value of the SFUSD's Bessie Carmichael School property.

5. As requested by the Budget Committee at the October 30, 1996 Committee meeting, Attachment VI contains an activities timeline from Mr. Delucchi, pertaining to the City's acquisition of the McCormick Trust (7th and Harrison Street property). According to Mr. Delucchi, given the five-month option period, the Real Estate Department anticipates a "best case" time schedule for close of escrow for March 5, 1997, which is within the April 28, 1997 deadline date. April 28,

1997 is the last day of the subject option agreement for the City to purchase the 7th and Harrison Street property. Mr. Delucchi notes however, that the City is purchasing the 7th and Harrison Street property in order to exchange that property with the SFUSD for the Bessie Carmichael School site. Mr. DeLucchi's memo further states that "If this proposal is not realized for any reason, the City will own the McCormick Trust site which can be used for the much-needed open space in the South of Market."

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made as of Sept. 16, 1996, between the City and County of San Francisco, represented by the Mayor, and the San Francisco Unified School District, represented by the Superintendent.

This MOU sets forth the principal terms and conditions under which the City and the School District intend to accomplish certain real estate transactions related to the construction and operation of a proposed Excelsior Youth Center on a portion of the existing San Francisco Community School site and the transfer of other real property between the City and the School District.

1. San Francisco Community School/Excelsior Youth Center

a. Quitclaim. The City would quitclaim to the School District title to the entire San Francisco Community School site at no cost to the School District. This transfer would be based on a finding that the City currently holds fee title to that site in trust for the benefit of the State of California, and the State, acting through the School District, is the beneficial owner of land upon which school improvements are built and used for school purposes and has the right to manage and control the property.

b. Ground Lease. The School District would ground lease to the City a portion of the playground which compromises the footprint of the proposed Excelsior Youth Center. The Ground Lease would be for a term of thirty (30) years with rent of One Dollar ($1) per year payable by the City to the School District. The City would own fee title to the improvements during the term of the Ground Lease. The Ground Lease would include an option for the City to purchase the leased property and the School District's reversionary interest in the improvements for One Dollar ($1) at the end of the Ground Lease term. The Ground Lease would include such other terms as negotiated between the parties, which may include but would not limited to construction requirements, indemnities, and other matters related to the construction and operation of the Excelsior Youth Center.

c. Construction Funding for Excelsior Youth Center

i. School District Funding. The School District would pay to the City the sum of Two Million Three Hundred Thousand Dollars ($2,300,000), to be applied towards construction of the Excelsior Youth Center. The School District anticipates that there will be sufficient funds available from the State of California Construction Fund (Leroy Greene Act) to provide most, if not all, of the Two Million Three Hundred Thousand Dollars ($2,300,000) it must contribute to the construction of the Youth Center. The amount would be paid in accordance with the Leroy Greene Act Construction Fund release procedures when the general contractor's contract is awarded.

ii. City Funding. The City would provide a maximum of Five Million Dollars ($5,000,000) for the construction of the Excelsior Youth Center. In no event would the City be required to provide any amounts in excess of $5,000,000.

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iii. Cost Overruns. In the event construction costs for the Excelsior Youth Center, in accordance with plans and specifications approved by the City and the School District, exceed $7,300,000, the School District would be solely responsible for funding any construction costs in excess of that amount at the time and in a manner which would permit completion of construction without the filing of any liens or other encumbrances as a result of any delays in construction.

d. Bidding Requirements. The School District would be solely responsible for procuring the services of a general contractor for construction of the Excelsior Youth Center. Due solely to the fact that the City would be funding a portion of construction costs, the School District agrees to conduct such bidding and award the general contract in accordance with Chapter 12D of the San Francisco Administrative Code, to the extent allowed by State law.

e. Use of Excelsior Youth Center.

i. School District Use. The School District would have exclusive use of the gymnasium portion of the Excelsior Youth Center during regular school days/hours. In addition, the School District would have exclusive use of the entire Youth Center from 6:00 am through 12:00 noon on regular school days (September through June) for a period of thirty (30) years; subject to the right of the City or its successors to utilize portions of the Youth Center as needed and as agreed upon with the School District, and the City's or its successor's payment of costs for such use as described in Subsection (ii) (which costs shall not include rent).

ii. Allocation of Operational Responsibilities. The City and the School District would each be solely responsible for all costs associated with the use and operation of the any portion of the Excelsior Youth Center during the time that any such portion is reserved for the exclusive use of that party. Such costs would include, but not be limited to, utilities, janitorial services, insurance, security and staffing. Prior to commencement of operation of the Excelsior Youth Center, the parties would agree on a mechanism for allocating the appropriate operating costs to each party and for providing each party with the appropriate access to the Youth Center.

2. Water Department Property located at 7th & Lawton Streets.

a. Existing Ground Lease and Proposed Sale. The City, acting through its Public Utilities Commission ("PUC"), has previously ground leased to the School District the property located at 7th & Lawton streets. The City intends to request that the Public Utilities Commission consider the following actions with respect to such property and lease:

i. That the PUC acknowledge the validity of the existing ground lease to the School District; and

ii. That the PUC declare such property to be surplus to the PUC, and recommend to the City's Board of Supervisors that the City's reversionary interest in such property be sold to the School District for an amount not to exceed Ten Thousand Dollars ($10,000.00), which shall be equal to the greater of (a) the present fair market value of such

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reversionary interest, or (b) the City's historic cost of that property, as determined by the City's Director of Property.

b. School District Covenants. As a condition to its ability to purchase this property, the School District would agree, in the form of a deed restriction or other binding document acceptable to the City, to use the property solely for school uses for a term of at least thirty (30) years from the date of sale to the School District.

c. Sales Proceeds. The parties acknowledge that the proceeds from the sale of this property, as described in Section 2(a)(ii), would be deposited into the revenue account of the Public Utilities Commission.

3. Bessie Carmichael School/Proposed Property Exchange

a. Bessie Carmichael Property. The School District currently holds fee title to the land and improvements comprising the Bessie Carmichael School.

b. 7th & Harrison Property. The City, acting through its Director of Property, would use its reasonable efforts to enter into negotiations with the current owner of a portion of the property located at 7th & Harrison Streets (349-65 7th Street, 375 7th Street and 45 Cleveland Street) in order to purchase that property from its current owner. The School District would be allowed to participate in such negotiations, through the City's Department of Real Estate, to the extent necessary to protect the School District's interest as the potential ultimate owner of such property. Any such purchase, if finally consummated, would be funded solely with Open Space funds.

c. Proposed Property Exchange. In the event the City acquires either the 7th & Harrison Property or the right to acquire that property, the City and the School District would then immediately enter into the transactions necessary for them to exchange title to the Bessie Carmichael and 7th & Harrison properties, such that the School District would hold fee title to the 7th & Harrison property for development of a new school and the City would hold title to the Bessie Carmichael property. The proposed exchange would be subject, at a minimum, to the following conditions:

i. The City would pay to the School District Eight Hundred Thousand Dollars ($800,000) at the time of the exchange.

ii. Within three (3) years of the date of the exchange, the School District would be required to have completed construction of a new school facility on the 7th & Harrison property so that the facility is available for use by students of the existing Bessie Carmichael School. The School District would be solely responsible for paying all costs, performing all activities and obtaining all approvals associated with such construction, including but not limited to any such matters related to the presence of hazardous materials, if any, on the 7th & Harrison property.

iii. During such three-year period, the School District would be permitted to continue to operate the Bessie Carmichael School at its existing location at no cost to the City and at no rent to the School District.

iv. When construction of the replacement school is completed, the City and the School District would retain fee title to the Bessie Carmichael School site and the 7th & Harrison property, respectively. As a condition to its ability to exchange this property, the City would agree, in the form of a deed restriction or other binding document acceptable to the District, to use the property solely for open space and recreational purposes for a term of at least thirty (30) years from the date of the exchange.

d. Notwithstanding the transactions described above, the City's Department of Recreation and Parks and the School District would explore the possibility of the School District's being responsible for the construction of both the replacement school and proposed playing fields on the former site of the Bessie Carmichael School so as to maximize funds available to the School District for such construction.

4. Relationship of Transactions. The City and the School District intend that the process of documenting, obtaining approvals and satisfying any other conditions to the completion of each of the transactions described in Sections 1, 2 and 3 of this MOU may proceed independently of the other transactions, but that the closing of each transaction shall be conditioned on the parties' having entered into mutually acceptable agreements for the other transactions and have determined that appropriate conditions precedent have or will be satisfied.

5. Miscellaneous.

a. Notwithstanding anything to the contrary in this MOU, the parties acknowledge the following: This MOU is a non-binding understanding between the City and the School District with respect to the transactions described herein. In entering into this MOU, neither the School District nor the City are in any way limiting their discretion or the discretion of any department, board or commission with jurisdiction over any of the transactions described in this MOU from exercising any discretion available to such department, board or commission with respect to those transactions, including but not limited to the discretion to (i) make such modifications deemed necessary to mitigate significant environmental impacts, (ii) select other feasible alternatives to avoid such impacts; (iii) balance the benefits against unavoidable significant impacts prior to taking final action if such significant impacts cannot otherwise be avoided, or (iv) determine not to proceed with the proposed project. In addition to any conditions described in this MOU, the obligations of the City and the School District are expressly subject to the receipt of all legally required approvals, including but not limited to approvals from the Real Estate Department, the Public Utilities Commission, the Recreation and Parks Commission, the Board of Supervisors and the San Francisco Board of Education; and to the negotiation and execution of all final agreements necessary to complete the transactions described herein.

b. All transactions described herein are subject to and must be conducted in accordance with the applicable requirements of the City's Charter and codes and applicable state or federal laws.

c. The parties acknowledge that the transactions described in this MOU may include indemnities from the City, the School District or other parties, and that any such indemnities are subject to required approvals of any party.

d. It is the intent of both parties to proceed expeditiously with the transactions described in this MOU. In any event, if the transactions described in this MOU are not completed and finally approved by September 1, 1997, this MOU shall be of no further force or effect as of that date, unless extended by mutual agreement of the parties.

The City and the School District have executed this Memorandum of Understanding as of the date first written above.

CITY The City and County of San Francisco, a municipal corporation	SCHOOL DISTRICT San Francisco Unified School District
By: Willie L Brown Jr Willie Lewis Brown, Jr. Mayor	By: Waldemar Rojas Waldemar Rojas Superintendent

Attachment II

City and County of San Francisco

Office of the City Attorney

LOUISE H. RENNE
City Attorney

LESLIE B. TRUTNER
DEPUTY CITY ATTORNEY

DIRECT DIAL: (415) 554-3909

MEMORANDUM

TO: Harvey Rose
Budget Analyst

FROM: Leslie B. Trutner
Deputy City Attorney LT

DATE: October 24, 1996

RE: MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND THE SCHOOL DISTRICT REGARDING (1) EXCELSIOR YOUTH CENTER, (2) 7TH & LAWTON, AND (3) BESSIE CARMICHAEL

Per your request, this memorandum summarizes the effect of the nonbinding provisions of the above memorandum of understanding ("MOU").

The MOU outlines the general conditions under which the City and the School District will cooperate in (1) the development of the Excelsior Youth Center, (2) the transfer of 7th & Lawton Streets from the City to the School District, and (3) the construction of a replacement school for the Bessie Carmichael School. The MOU is not a legally binding contract between the parties which accomplishes any of those transactions. Rather, the MOU outlines intended transactions and evidences the good-faith intentions of the City and the School District to implement those transactions.

Section 5 of the MOU recognizes this fact, by emphasizing that the MOU is a "nonbinding understanding between the City and the School District." The MOU further recognizes that in "entering into this MOU, neither the School District nor the City are in any way limiting their discretion or the discretion of any department, board or commission with jurisdiction over any of the transactions described in [the] MOU from exercising any discretion available to such department, board or commission with respect to those transactions..." In the event that any required approval is not obtained for a particular transaction, the MOU does not legally obligate either the City or the School District to proceed with such transaction.

Please let me know if you need any further information.

L.T.

San Francisco
Redevelopment Agency

770 Golden Gate Avenue
San Francisco, CA 94102

415.749.2400
TTY 415.749.2500

October 31, 1996

101-5896-173

Mr. Anthony DeLucchi
Director
Real Estate Department
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Re: South of Market Redevelopment Plan EIR
Bessie Carmichael School Site
Planning Department File No. 94.670E

Dear Mr. DeLucchi:

As you are aware, the above-referenced EIR includes discussion and analysis of the proposed relocation of the Bessie Carmichael School, and the development of a new park at the existing school site. After completion of the EIR, the City will need to complete several real estate transactions in order to accommodate those proposals. We are writing this letter to alert you to the current schedule for completion of that EIR, so that you may plan accordingly for the various actions that will need to be taken by your Department.

The Draft EIR was published on September 20, 1996, and the public comment period on the Draft EIR will close on November 4, 1996. We expect to certify the Final EIR on Thursday, January 23, 1997. Any necessary approvals or other actions regarding the Bessie Carmichael proposal can be scheduled for any time following that EIR certification date.

Sincerely,

Amit K. Ghosh
Director of Planning
Planning Department

Clifford W. Graves
Executive Director
San Francisco Redevelopment Agency

MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT

25 Van Ness Avenue, Suite 700, San Francisco, CA 94102
252-3100, FAX: 252-3110

Friday, October 25, 1996

TO: Harvey Rose, Budget Analyst, San Francisco Board of Supervisors

FR: John M. Barber, Program Coordinator, Mayor's Office of Community Development JMB

RE: Excelsior Youth Center-7th and Lawton Streets-Bessie Carmichael

This memorandum provides background on the various pieces of legislation associated with the construction of the Excelsior Youth Center.

In January 1996, the Mayor instructed his office of Community Development (MOCD) to immediately develop a youth center in the Excelsior District of San Francisco. MOCD staff began the process of community meetings and worked with youth center advocates to survey the Excelsior area for a site. The San Francisco Community School at 125 Excelsior Avenue was the only site that met the construction requirements for the proposed youth center. The Excelsior residents who are promoting the youth center felt the site was important because it offered them a youth center that was centrally located within the community.

MOCD staff then met with Superintendent Rojas and School District officials to discuss the possibility of constructing a youth center on a portion of the play yard at the Community School. The School District agreed to study our request and the impact building a youth center would have in the operation of the Community School.

Subsequently, a series of meetings was held with MOCD staff, School District staff and project architects in order to develop a proposal for a framework of how the youth center and the school would interact and identify the issues involved in the proposed transaction. These meetings produced a working agreement that set forth the respective responsibilities of the City and the School District to accomplish an interagency exchange of property and cooperation needed to construct the youth center: The School District and the City would construct the center as a joint venture on the school site and the School District would contribute an unspecified amount of funds for the construction of the center in exchange for (1) the school's sole use of the center's gymnasium during the school year, (2) a negotiated amount of use by the school of the center's classrooms, and (3) the sale by the City to the School District of the City's reversionary interest under a 75 year lease the School District holds on City property at 7th and Lawton Streets.

At this juncture in the negotiations, the Mayor requested his Special Assistant, Bill Maher meet with Superintendent Rojas and his staff and work out the specific details of the agreements in this transaction and formalize them into a Memorandum of Understanding (MOU). The MOU acts as a instrument to bind the two jurisdictions to act in good faith to a course of action that would result in the exchange of the school yard site for the City's youth center and the ownership of the City's site at 7th and Lawton Streets by the School District and further that the School District contribute 2.3 million dollars toward the construction cost of the youth center in exchange for use of the center by the school. These agreements regarding the exchange of the school site for the City's youth center and the ownership of the 7th and Lawton site by the School District are the essential elements that comprise the course of action necessary to develop the youth center and represents one of the City's highest priorities.

During the discussions and drafting of the MOU for the youth center and 7th and Lawton, the School District proposed reactivating a project that had been discussed and planned for the last four years and recently stalled in process. That project involved the School District's desire to build a new elementary school on a private property (McCormick Trust) adjacent to the current Bessie Carmichael Elementary School which is located in the South of Market. The School District does not have the funds to purchase the property and pay for building a new school. The School District proposed the City purchase the property and allow the School District to build a new elementary school on the site and exchange that site for the old school site which is a larger piece of property. The City would then develop the old school site into playing fields and open space. The project has been a priority of the San Francisco Open Space Committee for the last four years and the Recreation and Park Department has set aside 6 million dollars for the purchase of the property (McCormick Trust). The City has been unable to purchase any significant land to create open space in the South of Market and this situation created that opportunity. While this transaction is detailed in the MOU, it is not intrinsic to the agreements involving the development of the youth center and would be pursued on its own . It is clear that the agreement by both parties to act on the Bessie Carmichael project at this time adds an enhancement to the entirety of all the transactions.

On September 16, 1996 the Memorandum of Understanding (MOU) was signed by Mayor Brown and Superintendent Rojas. The MOU memorializes the Mayor and Superintendents agreements regarding the construction of the youth center at the school site, the City's sale of the reversionary interest at 7th and Lawton Streets as well as the agreement on the McCormick Trust - Bessie Carmichael proposal. These proposals represent the opportunity to significantly better the quality of life for the citizens of San Francisco and particularly the youth of the City.

Attachments:

Memorandum of Understanding, dated September 16, 1996
Map of the Bessie Carmichael site and the McCormick Trust site

cc: Priscilla Watts, Director, Mayor's Office of Community Development
Bill Maher, Special Assistant to the Mayor
Sandy Brown-Richardson, Budget Analyst's Office

City and County of San Francisco

Real Estate Department
Office of the
Director of Property

October 23, 1996

7th and Harrison Streets

Sent Via Facsimile
252-0461

Harvey Rose
Budget Analyst
1390 Market Street, 10th Floor
San Francisco, California 94102

Dear Mr. Rose:

This is in response to your request that I provide certain information to you related to City's proposed acquisition of property located at 7th and Harrison Streets from the McCormick Trust, and the eventual exchange of said property with SFUSD for the adjacent Bessie Carmichael School property as described in the MOU dated September 16, 1996 between City and SFUSD. My comments follow:

- You asked if the amount of the nonrefundable deposit appropriately represents fair value for such a transaction. The City is proposing to pay $387,600 for a four month option with the ability to extend it for one additional month by payment of $96,900. This nonrefundable deposit will be applied to the $5,150,000 purchase price. To my knowledge, there is no fixed percentage relationship between option price and purchase price; however, such percentages tend to approximate 5 to 15% of the purchase price. The proposed option does fall within that range.

- The Recreation and Park Department has long sought to acquire additional South of Market recreation areas, and the Real Estate Department has been in negotiations for the McCormick Trust property for the last several years. The trustee for the subject property recently notified us that they were considering a long term lease for a major portion of the site, and the trustee required City to pay this nonrefundable deposit in order for the trustee to forego the lease opportunity. Payment of the option funds, therefore, seem appropriate in order to avoid the possible loss of this long sought after property.

- It is the opinion of the Real Estate Department that the proposed purchase price of $5,150,000 (less remediation costs) for the McCormick Trust property represents fair market value.

Harvey Rose
Budget Analyst
October 23, 1996

- In response to your request that we provide you with our estimate of value for the current Bessie Carmichael School site; this site has an approximate value of $5,950,000 based upon an independent appraisal by Chris Carneghi, MAI.

- You also asked that I comment regarding language contained in the MOU; specifically, a portion of Clause 5 which states, "This MOU is a nonbinding understanding between the City and the School District." As previously stated, Rec-Park has long sought additional property South of Market for recreation purposes. This Rec-Park Department need is satisfied by the acquisition of the McCormick Trust site irrespective of the anticipated exchange with the School District. However, the anticipated exchange appears to provide a more desirable end result for both City and the Unified School District, since the District will be able to construct a school on the 61,250 sq.ft. McCormick Trust site without having to close down their existing school during construction. City's Rec-Park Department will gain since the Bessie Carmichael site contains 110,000 sq.ft., 48,750 sq.ft. larger than the adjacent McCormick site, and is rectangular in shape, thereby allowing for more efficient site utilization as a park.

Please let me know if you require any further information regarding this matter.

Sincerely,

Anthony J. DeLucchi
Director of Property

cc: Joel Robinson, Rec-Park
Bill Maher, Rec-Park
Steve Nelson, CA

AJD:kb

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City and County of San Francisco **Real Estate Department**

Office of the
Director of Property

MEMORANDUM

November 4, 1996

File # 84-96-3
Option to Purchase Agreement
South of Market Park
McCormick Property
Block 3754, Lots 62, 63, 6

TO: Supervisors Tom Hsieh
Budget Committee Chair

Supervisor Barbara Kaufman
Budget Committee Vice Chair

Supervisor Sue Bierman
Budget Committee

FROM: Anthony J. DeLucchi
Director of Property

As you requested, I am forwarding an activities time line related to the purchase of the McCormick Trust Property located near 7th and Harrison Streets.

Our "best case" time schedule indicates close of escrow as March 5, 1997, and this date is clearly within the 5-month option period, thus, providing some flexibility. (See attached.)

The receipt of comments related to the South of Market EIR closed November 4, 1996. I will forward to you the EIR comments regarding this project. As indicated in the attached letter dated October 31, 1996, Amit Ghosh, Planning Director and Clifford Graves, Executive Director of the SFRA have scheduled the Certification of EIR Findings for January 23, 1997. Immediately after certification, the legislation for the acquisition of this property will be submitted to the Board of Supervisors.

Lastly, the City is purchasing this 61,750 square foot site to be traded to the San Francisco Unified School District for the future site of the Bessie Carmichael School. If this proposal is not realized for any reason, the City will own the McCormick Trust site which can be used for the much-needed open space in the South of Market.

Attachments: Time Line
SFRA Letter

cc: Harvey Rose, Budget Analyst
Waldemar Rojas, SFUSD
Bill Maher, Rec-Park
Clifford Graves, SFRA
Amit Ghosh, City Planning
Gregoire Hobson, Board of Supervisors
John Barber, MOCD

LJ:avd

I:\USERS\LARRY\TTHSIEH.DOC

554-9850
FAX: 552-9216

25 Van Ness Avenue, Suite 400

San Francisco, 94102

FROM:OMNIFAX TO: NOV 5, 1996 2:32PM #745 P.02

McCormick Property Acquisition Schedule
as of
November 4, 1996

Oct. 21, 1996	-	Resolution submitted to Board of Supervisors
Nov. 13, 1996	-	Budget Committee hearing
Nov. 18, 1996	-	Resolution heard by Board of Supervisors
Nov. 28, 1996	-	Last day for Mayor to sign legislation
Nov. 29, 1996	-	Last day to exercise option
Dec. 02, 1996	-	Pay $387,600 to McCormick Trust Co. Trustee
Jan. 23, 1997	-	City Planning Commission & Redevelopment Agency certify EIR Findings.
Jan. 27, 1997	-	Last day to give written notice of 5th month
Jan. 27, 1997	-	Resolution to purchase McCormick Property submitted to Board of Supervisors
Feb. 05, 1997	-	Budget Committee hearing
Feb. 07, 1997	-	Open escrow - submit instructions
Feb. 10, 1997	-	Resolution heard by Board of Supervisors
Feb. 17, 1997	-	School District legislation submitted to Board of Education
Feb. 20, 1997	-	Last day for Mayor to sign legislation
Feb. 25, 1997	-	School District Resolution heard by Board of Education
Mar. 05, 1997	-	Close escrow
Mar. 29, 1997	-	Last day of 120-day option period
Apr. 28, 1997	-	Last day of 5th month

LJ:avd\11.4.96

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Item 4- File 199-96-4

Departments: Real Estate Department
Water Department
Public Utilities Commission (PUC)
Mayor's Office of Community Development

Item: Resolution recognizing the validity of the existing ground lease for the property located at 7th Avenue and Warren Drive (near Lawton) from the City to the San Francisco Unified School District (SFUSD), removing from that lease the restriction providing that the lease shall terminate if the SFUSD fails to obtain bids for the construction of a school on that property by July 1, 1995 and authorizing a transfer of said property to the SFUSD.

Description: The City's Water Department, under the jurisdiction of the Public Utilities Commission (PUC), owns the property located at the southeast corner of 7th Avenue near Lawton Street (Block 1937, Lot 1) in San Francisco. This property is approximately 82,570 square feet and is presently a vacant lot.

On June 25, 1985, the City entered into a ground lease for this property with the SFUSD for a period of 75 years. As part of this agreement, the City does not receive any direct lease revenues from the SFUSD because this lease was part of a larger agreement in which the City received the Poly High School site, which was developed for affordable housing, in exchange for the City paying the SFUSD approximately $2.5 million and giving a long term lease of this property to the SFUSD. However, the City and SFUSD currently share on a 50/50 basis in the short-term lease revenues from this property.

This 1985 ground lease between the City and the SFUSD for the 7th Avenue near Lawton Street property was subsequently amended on November 22, 1988 and July 10, 1990. The lease, as amended, includes a provision that the lease will terminate if the SFUSD does not issue an Invitation for Bids for construction of a school on this property by July 1, 1995.

On October 8, 1996, the PUC adopted Resolution No. 96-0240, which (1) recognized the existing validity of this lease between the City and the SFUSD; (2) removed the restriction in the lease which required that the SFUSD commence the process of obtaining bids by July 1, 1995; (3) declared this City property to be surplus to the PUC;

and (4) authorized the transfer of this property to the SFUSD. The PUC authorized the transfer of the property for an amount equal to the greater of (i) the fair market value of the City's reversionary interest in the property (present value of the property after the lease term) or (ii) the City's historical cost for the property provided the deed transferring the property to the SFUSD contains a restriction that requires that the property be used for school purposes for at least 30 years.

The proposed resolution would (1) recognize the City's validity of the lease with the SFUSD; (2) approve the removal of the condition in the lease which required that the SFUSD issue an Invitation for Bids for construction of a school on the property by July 1, 1995; (3) find that the proposed transfer of the property from the City to the SFUSD serves a municipal purpose; (4) approve the transfer of the property from the City to the SFUSD for an amount equal to $7,600; and (5) authorize the Director of Property to deliver a quitclaim deed to the SFUSD for the property, pursuant to a purchase agreement to be negotiated between the Director of Property and the SFUSD.

Comments:

1. The Public Utilities Commission has determined that the proposed transfer of property is exempt from environmental review under the California Environmental Quality Act (CEQA). On November 7, 1996 the Department of City Planning approved Resolution No. 96-629R, which provides that the proposed transfer of property from the City to the SFUSD is in conformity with the City's General Plan and consistent with the eight priority policies of Planning Code Section 101.1.

2. According to Mr. Gary Dowd of the PUC, during the Fall and Winter holidays, this property is leased to an outside contractor on a short-term basis for the sale of pumpkins and Christmas trees. In accordance with the lease terms, the revenue from these short-term leases is shared equally between the City and the SFUSD. Mr. Dowd reports that these short-term lease arrangements result in a total of approximately $5,500 annually of lease revenues for the Water Department. These funds are deposited into the Water Department's lease revenue account, and are used to offset water rate increases. If the proposed resolution is approved, the Water Department would no longer receive these lease revenues.

3. The SFUSD did not issue bids for construction of a school on the subject property by the July 1, 1995 effective date, as required by the lease. According to Mr. Michael Cohen of the City Attorney's Office, although the SFUSD was technically in violation of the lease by not meeting this bid construction date deadline, the City waived its right to terminate the lease because the City continued to accept the short-term lease revenues from the property.

4. In accordance with the City's Administrative Code Section 23.17, the transfer price for the City's property may be based on historical cost, or when such data is not available, at a fair market value, as determined by the Director of Property. Mr. Delucchi states that PUC properties that are transferred to other public entities are generally sold at the original (historic) cost paid by the PUC. According to Mr. Tony DeLucchi, the Director of Property, the historical cost of the proposed property is $7,600 and the fair market value of the City's reversionary interest in the property, after completion of the 75 year lease, is $7,325. The MOU provides that the SFUSD will pay the City either the historic cost, or the fair market value of the City's reversionary interest, whichever is greater. Therefore, Mr. DeLucchi indicates that the proposed property would be sold for $7,600.

5. The proceeds from the sale of this property would be deposited into the revenue account of the Water Department.

6. The Mayor and the SFUSD have entered into a Memorandum of Understanding (MOU) which outlines the conditions under which the City and the SFUSD intend to accomplish three real estate transactions. The MOU is a non-binding understanding between the Mayor and the SFUSD with respect to the three real estate transactions contained in the MOU. This MOU was not subject to approval by the Board of Supervisors.

The proposed resolution (File 199-96-4) regarding the lease of City-owned property at 7th Avenue and Warren Drive to the SFUSD pertains only to one of the real estate transactions covered by this MOU. The other two real estate transactions covered in the MOU are not included in the proposed legislation. However, the other two real estate transactions are contained in legislation currently pending before the Board of Supervisors.

The subject ground lease is one element of a three-part MOU between the City and the SFUSD. Under the MOU between the Mayor and the SFUSD, the City would also:

- Exchange a property located at 349-65 7th Street and 45 Cleveland Street (7th and Harrison property) for the SFUSD's Bessie Carmichael School site property which will be used by the City for open space and playing fields. See Item 3, File 84-96-3 of the November 13, 1996 Budget Committee report for additional details regarding this related real estate transaction; and

- Complete another real estate transaction at 125 Excelsior Street, where the Excelsior Youth Center facility is to be constructed, in conjunction with the adjacent SFUSD-owned San Francisco Community School. See Items 1 and 2, Files 203-96-1 and 64-96-14 of the November 13, 1996 Budget Committee report for additonal details regarding this related real estate transaction.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 5 - File 97-96-59

Department: Department of Public Health (DPH)

Item: Ordinance amending the Administrative Code by adding Section 10.117-112 to establish in the Treasury of the City and County of San Francisco a special fund, to be known and designated as the San Francisco General Hospital Trust Fund.

Description: The proposed ordinance would establish the San Francisco General Hospital Trust Fund, a special fund which would be used to provide long term care patients at San Francisco General Hospital (SFGH) with a means of handling their banking needs. Ms. Phyllis Harding of the SFGH states that the proposed SFGH Trust Fund is modeled on an existing Laguna Honda Hospital Trust Fund.

Under the proposed ordinance, long term care patients at the SFGH would be able to deposit money into individual accounts in the SFGH Trust Fund. The SFGH would withdraw funds owed by patients to the SFGH for the patient's share of the cost of their care on a monthly basis. Patients would be able to withdraw money that they have deposited (in excess of any funds owed to the SFGH for a particular month) at any time. Deposits in excess of $50 would be placed in an interest bearing account, and the accrued interest would be credited to the patient's individual account.

Comments: 1. Ms. Harding states that the SFGH Accounting Division will handle the administration of the proposed SFGH Trust Fund within the existing DPH budget. Ms. Harding further states that the SFGH does not expect to request additional resources for SFGH Trust Fund administration in the FY 1997-98 budget. However, the proposed ordinance would require the SFGH to establish procedures for patients to make deposits and withdrawals, as well as to keep individual account records and provide patients with quarterly statements, to manage withdrawals by SFGH to cover the patient's share of the cost of care, and to report periodically to the Controller on the receipt and disbursement of patients' money.

2. Ms. Harding advises that the primary users of the proposed SFGH Trust Fund will be the 185 patients at the new SFGH Mental Health Rehabilitation Facility, as well as long term patients of the SFGH SubAcute Unit. Ms. Harding states that the patients at the Mental Health Rehabilitation

Facility are there on involuntary hold, which means that they are not permitted to leave the facility at will. According to Ms. Harding, the State requires that hospitals provide a means for patients on involuntary hold to handle their financial affairs as a condition of hospital licensing.

Recommendation: Approve the proposed ordinance.

Items 6 and 7 - Files 258-96-1.1 and 101-96-20

Items: **Item 6, File 258-96-1.1:** Resolution approving and authorizing a deferred loan to the Chinese Historical Society of America (CHSA) for the acquisition of real property at 965 Clay Street and conversion of the property to a national learning center and Chinese History Museum and approving conditions for forgiveness of repayment of the Loan.

Item 7, File 101-96-20: Ordinance rescinding $800,000 from the Convention Facilities Continuing Project Fund, Reserve for Capital Commitment, and reappropriating such monies to the Mayor's Office of Community Development for the acquisition and renovation of the Chinese Historical Society Building for Fiscal Year 1996-97.

Amount: $800,000

Source of Funds: Convention Facilities Continuing Project Fund
Reserve for Capital Commitment

Description: The proposed resolution (Item 6, File 258-96-1.1) would authorize and approve a loan in the amount of $800,000 from the City and County to the Chinese Historical Society of America ("Society"), a non-profit organization dedicated to studying, documenting, and disseminating the history of Chinese Americans. $680,000 of the $800,000 in requested funding would be used to purchase the former Chinatown Young Women's Christian Association (YWCA) Building at 965 Clay Street in Chinatown for the purpose of converting the YWCA Building into a Chinese History Museum. The remaining $120,000 would be used for renovation work. As shown in Attachment I, the total budget for this project is $1,054,300.

The term of the loan would be 50 years. Repayment of the loan by CHSA to the City and County would be forgiven if the CHSA satisfies all of the provisions of the loan agreement and all of the provisions of the loan documents. Restricting the use of the YWCA Building to a national learning center and public museum on Chinese American history, or other approved community facility, as defined in the loan agreement, for the 50-year term of the loan is included in those provisions. (See Attachment II for a complete list of the Events of Default, Subparagraph 10.1, and Remedies available to the City, Subparagraph 10.2.)

The proposed resolution would authorize the Mayor's Office of Community Development to disburse the loan proceeds to the CHSA in accordance with the terms of the loan documents. In addition, the Director of Property would be authorized to enter into any additions, amendments, or other modifications to the loan documents that the Director of Property determines are in the best interest of the City, without the approval of the Board of Supervisors, that (1) do not increase the loan amount or otherwise materially increase the obligations or liabilities of the City, and (2) are necessary or advisable to complete the loan and effect the purpose and intent of this proposed resolution.

The proposed ordinance (Item 7, File 101-96-20) would reappropriate the sum of $800,000 from the Convention Facilities Continuing Project Fund, Reserve for Capital Commitment, to the Chinese Historical Society Building Capital Improvement Project. The primary revenue source in this Fund is the City's Hotel Tax.

Comments:

1. The Board of Supervisors previously approved Resolution No. 795-96 (File 6-96-124) in September of 1996 commending the YWCA's and the Chinatown Joint Steering Committee's selection of CHSA as the appropriate buyer for the Chinatown YWCA Building and supporting the use of City funds for assistance in acquiring the Chinatown YWCA by the CHSA.

2. The CHSA Museum is currently located in leased space at 650 Commercial Street in Chinatown. According to the proposed legislation, the Museum has been in operation since 1966, has attracted thousands of visitors each year, and is in need of additional space for its artifacts and visitors. The leased space at 650 Commercial Street would be vacated when the renovations are completed at the new 965 Clay Street site.

3. As previously indicated, the total estimated cost of the Chinese History Museum Project, including acquisition of the YWCA Building ($800,000) and renovation and other related costs ($254,300), is $1,054,300, as shown in Attachment I.

4. No interest would be charged on the proposed loan amount of $800,000, unless there were a default under the terms of the loan agreement. A default would result if any of the aforementioned conditions specified in the loan agreement were not met. Should that occur, following any applicable notice and cure periods, and without waiving

any other remedy available to the City and County, interest would be deemed to have accrued on the outstanding principal balance of the loan at a compounded annual rate of seven percent, commencing on the date of the first disbursement through the date all such amounts due under the loan documents are paid to the City. In other words, the entire loan principal and the accrued deferred interest as of the date of the default, would be payable to the City in one lump sum payment, according to Mr. Bryan of the City Attorney's Office.

5. Attachment III to this report, provided by the Mayor's Office of Community Development, contains descriptions of the budgeted items for this $1,054,300 project.

Recommendation

Based on the prior policy decisions of the Board of Supervisors to support the acquisition of the YWCA Building for conversion of the property to a national learning center and Chinese History Museum, approve the proposed ordinance.

CHINESE HISTORICAL SOCIETY OF AMERICAL
MUSEUM AND LEARNING CENTER BUDGET

Item	Budget	City/MOCD	City/UMB	Fundraising	Pro Bono
Acquisition	$800,000	$680,000		$120,000	
Architectural/Engineering	$19,000				$19,000
Development Consultant	$8,000				$8,000
ADA Compliance	$148,000	$120,000		$28,000	
Seismic/Structural	$58,000		$58,000		
Building Permit	$5,000			$5,000	
Construction Administration	$4,000				$4,000
Teesting & Asbestos Removal	$2,300			$2,300	
Relocation	$5,000			$5,000	
Legal	$5,000				$5,000
TOTAL	**$1,054,300**	**$800,000**	**$58,000**	**$160,300**	**$36,000**

* $800,000 from the Convention Facilities Continuing Project Fund.

(d) All property insurance policies that the Borrower requires of subcontractors, if any, shall insure the interests of the City as they may appear, and all liability policies shall name the City as an additional insured.

(e) Before commencing any construction on the Project, the Borrower shall deliver to the City a copy of its current liability insurance policy. Such policy shall name the City as an additional insured.

(f) The Borrower hereby waives all rights of subrogation against the City for any loss covered by the Borrower's insurance.

(g) Approval of the insurance by the City shall not relieve or decrease the liability of the Borrower hereunder, including, without limitation, any Indemnity.

(h) Insurance shall be written with a company or companies approved by the City and in forms approved by the City.

(i) Any and all insurance policies called for herein shall contain a clause providing that the City and its officers, agents and employees shall not be liable for any premium thereunder.

(j) The City reserves the right to require an increase in insurance coverage in the event the City reasonably determines that conditions show cause for such increase.

(k) All policies shall be endorsed to provide that such insurance is primary to any other insurance available to the additional insured with respect to claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought, but the inclusion of more than one (1) insured shall not operate to increase the insurer's limit of liability.

10. Events of Default; Remedies.

10.1. Events of Default. An Event of Default shall consist of any breach by the Borrower of any covenant, agreement, provision or warranty contained in this Agreement or in any of the Loan Documents, including but not limited to the following:

(a) The Borrower fails to pay all or any portion of the principal of the Note within ten (10) days after the date when due; or

(b) The Borrower fails to pay any installment of interest on the Note or any other amount payable by the Borrower to the City under the Loan Documents within ten (10) days after the date when due, or the Borrower fails to pay all accrued interest and all other amounts then payable by the Borrower to the City under the Loan Documents on the date of final payment of the principal of the Note in full, in accordance with the terms of the Note; or

(c) The Real Property ceases to be used as a learning center and museum or other community facility in accordance with the provisions of this Agreement (except in the event of damage or destruction which is not an Event of Default as provided in subsection (g) below); or

(d) Any Lien is recorded against all or any part of the Real Property without the City's prior written consent, whether such lien is prior or subordinate to the liens of the Deed of Trust or Deed Restriction, and such Lien is not removed from title or otherwise remedied to the City's satisfaction within the time periods specified in Subsection (e), below; or

(e) The Borrower fails to perform or observe any other term, covenant or agreement contained in any Loan Documents and either (i) such failure continues for more than thirty (30) days after notice of such failure is given by the City to the Borrower, unless such failure is not reasonably capable of being cured within such 30-day period (but is reasonably capable of being cured within sixty (60) days after such notice) and the Borrower commences action to cure such failure within such 30-day period and diligently and continuously prosecutes such action to completion and causes such failure to be cured within sixty (60) days after such notice, or (ii) such failure is not reasonably capable of being cured within sixty (60) days after notice of such failure is given by the City to the Borrower; or

(f) Any representation or warranty made by the Borrower in any Loan Document proves to have been incorrect in any material respect when made; or

(g) All or a substantial or material portion of the Improvements is damaged or destroyed by fire or other casualty, and the City has reasonably determined upon restoration or repair that the security of the Deed of Trust has been impaired or City and Borrower have reasonably determined that the repair, restoration or replacement of the Improvements in accordance with the requirements of the Deed of Trust (collectively, the "Restorations") is not economically practicable or City reasonably determines that such Restorations are not completed within two (2) years of the receipt of insurance; or all or a substantial or material portion of the Improvements is condemned, seized or appropriated by any Governmental Agency or subject to any action or other proceeding instituted by any Governmental Agency for any such purpose such that the Improvements cannot be operated for their intended purpose; or

(h) The Borrower is dissolved or liquidated or merged with or into any other Person; or, if the Borrower is a corporation, partnership, or trust, for any period of more than ten (10) days the Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the Laws of the jurisdiction of formation and California; or, if the Borrower is an individual, the Borrower dies or becomes incapacitated; or all or substantially all of the assets of the Borrower are sold or otherwise transferred; or

(i) The Borrower assigns or attempts to assign any rights or interest under any Loan Document, whether voluntarily or involuntarily without the prior written consent of the City; or any Loan Document becomes or is claimed by the Borrower to be unenforceable against the Borrower; or the Deed of Trust ceases to constitute a valid and indefeasible perfected lien on the Land and Improvements, subject only to Permitted Prior Exceptions and Permitted Transfers;

or, without prior written notice to City, the Borrower replaces its executive director, director of housing development, director of property management and/or any equivalent position; or

(j) The Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or the Borrower applies for or consents to the appointment of any receiver, trustee or similar official for it or for all or any part of its property (or any such appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or the Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or to all or any part of its property under the Laws of any jurisdiction (or any such proceeding is instituted without its consent and continues undismissed and unstayed for sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the Land, the Improvements or any other property of the Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(k) Any material adverse change occurs in the financial condition, operations, properties or prospects of the Borrower, or any event occurs that has a material adverse impact on the Project.

10.2. Remedies of the City. Upon the occurrence of any Event of Default, the City may, without notice to or demand upon the Borrower, which are expressly waived by the Borrower (except for notices or demands otherwise required by applicable Laws to the extent not effectively waived by the Borrower and any notices or demands specified in the Loan Documents), exercise any one or more of the following Remedies as the City may determine:

(a) The City may, at its option, terminate all commitments to make Disbursements or to release any Improvements or the Land from the Deed of Trust, or the City may waive the Event of Default or, without waiving, determine, upon terms and conditions satisfactory to the City, to make further Disbursements or to release any of the Land or the Improvements from the Deed of Trust;

(b) The City may declare the unpaid principal of the Note, together with accrued interest thereon at the rate provided in the Note, shall be immediately due and payable and other amounts payable under the Loan Documents to be immediately due and payable, each without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by the Borrower;

(c) The City may perform any of the Borrower's Obligations in such manner as the City may determine;

(d) The City may, either directly or through an agent or court-appointed receiver, take possession of the Real Property and enter into such contracts and take such other action as the City deems appropriate to complete or partially construct all or any part of the

Improvements. subject to such modifications and changes in the Project or the plan of development as the City may deem appropriate; and

(e) The City may proceed to protect, exercise and enforce all other Remedies provided under the Loan Documents or by applicable Laws.

All costs, expenses, charges and advances of the City in exercising any such Remedies (including any such amounts that cause the Obligations of the Borrower to exceed the face amount of the Note) shall be immediately due and payable by the Borrower to the City.

11. Transfers. The Borrower shall not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Project or the Land and Improvements, or lease or permit a sublease on all or any part of the Project, without first obtaining the City's written consent. Any transfer, assignment, encumbrance, or lease without the City's written consent shall be voidable and, at the City's election, shall constitute a breach of this Agreement. No consent to any assignment, encumbrance or lease shall constitute a consent to any subsequent assignment, encumbrance or lease, or a waiver of any of the City's rights under this Agreement.

12. Records and Documents.

12.1. Generally. The Borrower shall keep and maintain books, records, and other documents relating to the receipt and disbursement of all Loan proceeds. Borrower shall maintain records of all income. expenditures, assets, liabilities, contracts, operations, tenant eligibility, and condition of the Project, which shall be maintained in accordance with generally accepted accounting principles.

12.2. Response to Inquiries. At the request of the City, its agents, employees, or attorneys, the Borrower shall promptly and specifically respond to questions relating to the income, expenditures, assets, liabilities, contracts, operations and condition of the Project, the status of any mortgage encumbering the Project, and any other information with respect to the Borrower or the Project.

12.3. Delivery of Records. At the request of the City, made through its agents, employees, officers, or attorneys. the Borrower shall provide the City with a photocopy of each of the following documents, certified in writing by the chief executive officer of the Borrower to be complete and accurate:

(a) Copies of all tax returns indicating any taxable transaction, including but not limited to sales taxes, filed with the United States Internal Revenue Service, the California Franchise Tax Board, or the California State Board of Equalization on behalf of the Borrower; and

(b) Copies of all certified Financial Statements of the Borrower, or any of its affiliates or subsidiaries, for the past two years. the accuracy of which shall be certified by an auditor satisfactory to the City.

BUDGET EXPLANATIONS

Acquiistion: Costs for the purchase of 965 Clay Street building.

Architectural/Engineering and Development Consultants: Costs for preparing architectural and engineering drawings, securing local approvals, bidding, construction management, disbursing progress payments, and managing overall budget.

ADA Compliance. Costs including installing a new elevator, modifying restrooms, and providing lever hardwares, and signage for making the facility accessible to disabled visitors.

Seismic: Costs relating to reinforcing the western portion of the brick structure for seismic safety.

Building Permit: Costs for getting the permits for ADA and seismic work.

Construction Administration: Costs for overseeing the general contractor, reviewing change orders, and testing of structural materials.

Asbestos Testing/Removal: Costs for removal asbestos prior to start of construction.

Relocation: Moving expenses associated with relocating the museum from 650 Commercial to 965 Clay Street.

Legal: Legal services relating to the purchase and loan agreements

Item 8 - File 101-96-17

Department: Department of Public Works
Department of Real Estate

Item: Ordinance appropriating $165,000 of Broadway Parking Lot revenues to cover the cost of the acquisition and disposition of the Steuart/Folsom Street parcels and the design and administration of the Mid-Embarcadero Roadway Artwork Project for FY 1996-97.

Amount: $165,000

Source of Funds: Broadway Parking Lot Rental Revenues

Description: Pursuant to SB 181, the State was required to remove the Embarcadero Freeway structure (Route 480) and to convey to the City, at no cost, those portions of Route 480 no longer needed for right-of-way purposes. Additionally, SB 181 requires the City, under a State mandated program, to utilize the Route 480 property, or the proceeds from the sale of such property, to finance the construction of an alternate system of local streets that would essentially provide motorists with accessibility comparable to that provided by Route 480. This alternate system is known as the Embarcadero Roadway Project. The "Mid-Embarcadero Roadway Project" is the section of the Embarcadero Roadway Project from Broadway Street to Folsom Street.

A parcel of land located at Steuart and Folsom Streets was left vacant by demolition of the Embarcadero Freeway, and the San Francisco Department of Real Estate (DRE) is working with the California Department of Transportation (CalTrans) to transfer the property from the State to the City. A total of $48,500 of the subject $165,000 supplemental appropriation request would be used to fund DRE staff time, as follows:

- Negotiation of transfer agreement and preparation of other documents related to transfer of Steuart/Folsom Streets property from State to City (284 hours @ $97 per hour, including fringe benefits and overhead): $27,548; and

- Eventual sale of property by the DRE, including any necessary planning or rezoning (216 hours @ $97 per hour: $20,952.

The balance of the subject requested supplemental appropriation, or $116,500, would be used for public artwork that is planned for the Mid-Embarcadero Roadway Project, as follows:

- Artist fees for historic signage project, to Michael Manwaring: $37,500.

- Artist fees for "art ribbon" project, to Stanley Saitowitz, Vito Acconci and Barbara Stauffacher Solomon: $59,000.

- Work Order to Art Commission for management of the historic signage project and "art ribbon" project (500 hours @ $40 per hour): $20,000.

Comments:

1. The subject proposed $165,000 supplemental appropriation would be funded with parking lot rental revenues from surface parking lots on Broadway Street, which are located on parcels that have already been transferred from the State to the City. These parking lots generate approximate annual revenues of $261,060. As explained above, SB181 requires that all such revenues from property that was formerly used for the Embarcadero Freeway must be used by the City to assist in building the alternative system of local streets. Ms. Tina Olson of the DPW advises that the proposed uses (acquisition and disposition of the Steuart/Folsom Street parcels and design and administration of Mid-Embarcadero Roadway artwork) would comply with SB181.

2. The Steuart/Folsom Streets parcels are also currently surface parking lots, which generate approximate annual revenues of $400,000. Ms. Olson states that, once the parcels have been transferred from the State to the City, such revenues will, in turn, be used to help finance the Mid-Embarcadero Roadway Project. According to Ms. Olson, the DPW plans to sell these parcels at a later date. As with the rental revenues, the revenues from sale of the parcels will be used to help finance the Mid-Embarcadero Roadway Project.

3. The Historic Signage Project is a series of bronze street plaques and interpretive artwork, information pylons and view podia that will be built as part of the pedestrian promenade and MUNI rail platforms along the Mid-Embarcadero Roadway. Under the requested supplemental appropriation, Broadway Parking Lot revenues would be used to pay design costs. The Art Commission would continue to contract with Mr. Michael Manwaring, the artist who designed the historic and informational signage on the North, South and King Street segments of the Embarcadero

Roadway Project. Mr. Manwaring is not a MBE or WBE certified firm.

Ms. Olson reports that the total estimated $350,000 construction cost for the Historic Signage Project will be financed with the City's 1/2 Cent Sales Tax and MUNI State grant funds or 1/2 Cent Sales Tax funds for the MUNI rail platform portion of the Historic Signage Project.

The Art Ribbon Project involves a sculpture and pedestrian enhancement along the Mid-Embarcadero Roadway project, which will consist of a stretch of uninterrupted five foot sections of concrete, bisected by a band of solid glass block with below-grade illumination. The Art Commission will continue to contract with Stanley Saitowitz, Vito Acconci and Barbara Stauffacher Solomon, who designed the art ribbon on the North, South and King Street segments of the Embarcadero Roadway Project. These artists are not certified MBE or WBE firms. While Broadway Parking Lot revenues would be used to pay design costs, the DPW expects to receive a $500,000 federal Transportation Enhancement Activities (TEA) grant, and combine this with approximately $500,000 in 1/2 Cent Sales Tax monies to fund construction of the Art Ribbon Project.

4. The Board of Supervisors recently approved amendments to the General Plan in order to conceptually approve the Mid-Embarcadero Replacement Project and Terminal Separator Structure Replacement Project (File 271-96-3), which is also known as the Mid-Embarcadero Roadway Project. The DPW currently estimates that the overall project will cost between $74.8 million and $87.8 million. The DPW expects to obtain $53.4 to $66.4 million in Federal Emergency Relief Funds, $10 million in State Flexible Congestion Relief Funds, and $3.2 million in Terminal Separator State funds. Local funds of up to $8.2 million will be required, depending upon the amount of Federal funds received and the specific option to be chosen for replacement of lost parking for the Port. Ms. Olson advises that potential local funding sources include a possible revenue bond, 1/2 Cent Sales Tax revenues, and revenue from land sales of property, such as the parcels discussed above, that has been or will be transferred from the State to the City.

5. Ms. Olson states that the DPW is trying to maximize the use of revenues from property transferred to the City under SB 181 for aspects of the Mid-Embarcadero Roadway Project that are not eligible for federal or State funding, such as the design and DRE staffing costs described above. Such

revenues must, according to SB181, be used on the Mid-Embarcadero Roadway Project, whereas other local sources, such as the 1/2 Cent Sales Tax, can be used for a wide range of transportation needs.

Recommendation: Approve the proposed ordinance.

Item 9 - File 68-96-6

Department:	Mayor's Office of Community Development
Item:	Resolution approving the 1997 Emergency Shelter Grants Program and expenditure schedule and authorizing the Mayor on behalf of the City and County of San Francisco to apply for, accept, and expend a $684,000 entitlement under the Emergency Shelter Grants Program for the U.S. Department of Housing and Urban Development.
Grant Amount:	$684,000
Grant Period:	April 1997 through March 1998
Source of Funds:	U.S. Department of Housing and Urban Development (HUD) Emergency Shelter Grants Program (ESGP)

Description: The HUD Emergency Shelter Grants Program was first established under the Stewart B. McKinney Homeless Assistance Act in July, 1987. The program is designed to help improve the quality of existing emergency shelters for the homeless, to help make available additional emergency shelters, to help meet the costs of operating emergency shelters to provide certain essential social services to homeless individuals so that those persons have access to the support services they need to improve their situations. The program is also intended to restrict the increase of homelessness through the funding of preventive programs and activities.

The Mayor's Office of Community Development (MOCD) is responsible for administering and monitoring the Emergency Shelter Grants Program (ESGP). Funds from the ESGP are budgeted under three program categories and for the MOCD administration. The three program categories are Essential and Social Services, Maintenance and Operating Expenses and Homeless Prevention Services.

The MOCD advises that grant funds in the amount of $684,000 from the 1997 ESGP would be allocated to 22 projects involving 16 non-profit homeless service providers and shelters.

Descriptions of the 22 projects selected for funding are as follows:

ESSENTIAL AND SOCIAL SERVICES

These grants would assist in funding staff at homeless shelters for shelter management and for the provision of social services to shelter residents.

Asian Women's Shelter **$24,300**

The grant would help fund the salary of a House Manager and a Women's Advocate. The Asian Women's Shelter provides emergency shelter and support services to battered monolingual Asian women and their children.

Dolores Street Community Services **$19,400**
1249 Alabama and 24th

The grant would be used to help fund the Case Manager position. Dolores Street Community Services provides emergency shelter and support services at three adult shelters.

La Casa de las Madres **$35,400**

The grant would be used to provide for a Women's Advocate and a Facility Assistant. La Casa de las Madres provides shelter and advocacy services to 167 women and 182 children, as well as counseling and referrals to 2,640 crisis-line callers.

Larkin Street Youth Center **$34,000**
1044 Larkin Street

The grant would help fund the Outreach Coordinator and Drop-In Coordinator positions. The Larkin Street Youth Center provides outreach, drop-in services (i.e. showers, meals, recreation, etc.), medical clinic services, and case management services for runaway and homeless youth ages 12-23.

Salvation Army - Lifeboat Lodge **$11,310**
240 Turk Street

The grant would help fund the full-time salary of a Case Worker. The Salvation Army - Lifeboat Lodge provides emergency shelter services to homeless men.

Swords to Plowshares **$38,600**
995 Market Street, 3rd Floor

The grant would help fund a part-time social worker, a part-time claims assistant and a contracted clinical psychologist. The Swords to Plowshares program provides outreach and legal services to homeless veterans.

Subtotal **$163,010**

MAINTENANCE AND OPERATING EXPENSES
These grants would pay basic operating expenses at homeless shelters and other homeless support organizations.

Asian Women's Shelter **$31,700**
location confidential
This grant would pay for more beds, utilities, insurance, food, and cleaning products (i.e. soap, laundry detergent, etc.).

Central City Hospitality House - Orlando House **$10,000**
66 Moss Street
The grant would pay for utilities, telephone, insurance, repairs, maintenance, client supplies and furniture. The Central City Hospitality House - Orlando House is a shelter for runaway and homeless youths aged 15 to 17.

Central City Hospitality House **$10,300**
146 Leavenworth Street
The grant would pay for telephone, utilities, insurance, janitorial supplies, toothpaste, soap, shampoo, beds, and lockers. The Central City Hospitality House is a shelter for homeless men.

Compass Community Services - (formerly Traveler's Aid of San Francisco) **$50,000**
942 Market Street, 6th Floor
The grant would help pay for hotel rooms for homeless families. Compass Community Services provides emergency shelter for homeless families.

Dolores Street Community Services **$21,600**
1249 Alabama and 24th Street
The grant would pay for rent, utilities and supplies.

Episcopal Community Services of San Francisco **$31,000**
201 Eighth Street
The grant would be used to pay for rent, food, office supplies, utilities and telephone. The Episcopal Community Services of San Francisco provides shelter, rehabilitation services, and case management services to homeless men and women.

Friendship House Association of American Indians **$24,600**
80 Julian Avenue
The grant would pay for rent, insurance, audits, utilities, telephone, postage, and office supplies. The Friendship House Association of American Indians provides residential alcohol and drug abuse treatment services to American Indian women and men.

Hamilton Family Center **$43,000**
1525 Waller Street
The grant would pay for rent and utilities. Hamilton Family Center is a homeless family shelter that provides meals, preschool programs, on-site medical clinic, children's therapy, and family case management.

La Casa de las Madres **$41,900**
location confidential
The grant would pay for rent, utilities, telephone and minor repairs to the shelter.

Larkin Street Youth Center - Diamond Youth Center **$20,000**
536 Central Avenue
The grant would pay for hot meals, utilities, telephone, clothing, laundry, insurance and lockers. The Larkin Street Youth Center - Diamond Youth Center provides emergency shelter and support services for 12 to 17 year old runaways and homeless youths.

Salvation Army - Lifeboat Lodge **$38,690**
240 Turk Street
The grant would be used to pay for equipment, food, linen, janitorial supplies, toiletries, and chairs and benches for the waiting area.

St. Vincent de Paul Society **$20,000**
The grant would be used to pay for building repair and maintenance of the Riley Center, the agency's program for battered women and children.

United Council of Human Services **$21,000**
1345 Ocean Avenue
The grant would help pay for food, insurance, utilities, and office equipment. The United Council of Human Services provides free hot meals, clothing, and job referral and employment services to low-income and homeless people in the Tenderloin and Bayview Hunters Point Community.

Subtotal **$363,790**

<u>**HOMELESS PREVENTION SERVICES**</u>
These grants would fund programs dedicated to preventing homelessness and to assisting the homeless in obtaining governmental benefits.

American Red Cross **$68,000**
Homeless Prevention Program
1440 Harrison Street
$61,200 of the grant would pay for one-time rental assistance for individuals and families facing eviction because of an inability to pay rent. $6,800 of the grant would be used for a portion of the Account Specialist's salary. The American Red Cross Bay Area - Homeless Prevention Program provides rental assistance to low-income San Francisco residents.

Catholic Charities of the Archdiocese of San Francisco **$5,000**
814 Mission Street, 3rd Floor
The grant would provide one-time rental assistance for clients facing eviction. The Catholic Charities of the Archdiocese of San Francisco provides job skills assessment services, job and placement services, and funding for rental assistance to homeless and at-risk families and individuals.

Volunteer Legal Services Program - Bar Association of San Francisco Homeless Advocacy Project (HAP) **$50,000**
685 Market Street, Suite 700
The grant would partially fund eight positions. Staff recruit, train, and supervise volunteer attorneys and paralegals who would provide legal services to clients in matters such as eviction defense and obtaining public benefits and housing. HAP provides legal and social services to San Francisco residents in danger of becoming homeless.

Subtotal **$123,000**

MOCD ADMINISTRATION **$34,200**

The amount of $34,200 represents five percent of the total ESGP grant award of $684,000. This amount would partially fund the salaries of a program administrator and an accountant at the MOCD, for a combined .5 FTE of staff time, to administer the proposed grants. The amount of $34,200 for MOCD administration in 1997 represents an increase of $12,700 or 59 percent from the 1996 budget allocation of $21,500.

TOTAL **$684,000**

Project Budget:

Essential and Social Services (24% of Total Grant)

Description	Amount
Asian Women's Shelter	$24,300
Dolores Street Community Services	19,400
La Casa de las Madres	35,400
Larkin Street Youth Center	34,000
Salvation Army - Lifeboat Lodge	11,310
Swords to Plowshares	38,600
Subtotal	$163,010

Maintenance and Operating Expenses (53% of Total Grant)

Description	
Asian Women's Shelter	$31,700
Central City Hospitality House - Orlando House	10,000
Central City Hospitality House	10,300
Compass Community Services	50,000
Dolores Street Community Services	21,600
Episcopal Community Services of San Francisco	31,000
Friendship House Association of American Indians	24,600
Hamilton Family Center	43,000
La Casa de las Madres	41,900
Larkin Street Youth Center - Diamond Youth Center	20,000
Salvation Army - Lifeboat Lodge	38,690
St. Vincent de Paul Society	20,000
United Council of Human Services	21,000
Subtotal	$363,790

Homeless Prevention Services (18% of Total Grant)

Description	
American Red Cross	$68,000
Catholic Charities of the Archdiocese of San Francisco	5,000
Volunteer Legal Services Program - Bar Association of San Francisco	50,000
Subtotal	$123,000

MOCD Administration (5% of Total Grant)	34,200
GRAND TOTAL	$684,000

Required Match: $684,000 ($795,000 is to be provided in the 1997 Community Development Block Grant Program (CDBG), see Comment 1).

Indirect Costs: None

Comments:

1. Mr. Jon Pon of the MOCD reports that HUD requires a minimum of $684,000 in matching funds (a 100 percent match) from the City to be used for projects targeted at the homeless population. Mr. Pon states that a total of $795,000, which has been allocated for three homeless-related projects in the 1997 CDBG Program, has been identified as matching funds for the Emergency Shelter Grants Program (See Attachment).

2. The proposed grant allocation of $684,000 for 1997 represents the same level of funding as in 1996, which includes a $110,600 reduction in the amended 1996 budget allocation. In December of 1995 the Board of Supervisors approved the 1995, Emergency Shelter Grants Program (ESGP) and expenditure schedule, authorized the Mayor on behalf of the City to apply for, accept and expend a $794,600 grant under the ESGP for the U.S. Department of Housing and Urban Development (HUD). In June of 1996, the Board of Supervisors approved the revised expenditure schedule for the ESGP in the amount of $684,000 or $110,600 less than the $794,600 that the MOCD applied for (File No. 68-95-9.2).

3. The MOCD reports that it conducted a Request for Proposal (RFP) process in June of 1996 to homeless service providers and shelter operators. In July of 1996, the MOCD received 24 applications requesting $996,083 in ESGP funds in response to the RFP process. A total of 22 project applications were selected and are the subject of this report.

4. The MOCD has prepared a Disability Access Checklist, which is on file with the Clerk of the Board.

5. Funding in the amount of 1) $6,000 for Swords to Plowshares (Essential and Social Services), 2) $11,700 for Larkin Street Youth Center (Essential and Social Services), 3) $10,600 for Asian Women's Shelter (Maintenance and Operating Expenses), and 4) $12,700 for MOCD administration or a total of $41,000, represents an increase in funding from the 1996 level of ESGP funding. Therefore we consider approval of $41,000 to be a policy matter for the Board of Supervisors.

Recommendations: 1. Approve funding in the amount of $643,000 ($684,000 requested less the increased funding level of $41,000).

2. As noted in Comment No. 5 above, we consider approval of $41,000 in increased funding levels to be a policy matter for the Board of Supervisors.

1997 EMERGENCY SHELTER GRANT PROGRAM
MATCHING FUNDS

A total of $795,000 in matching funds have been allocated under the 1997 Community Development Black Grant Program. The funds will be used for existing facilities development, new facility development, renovation of buildings providing emergency shelters, suppport services, and/or transitional housing for the homeless and from the homeless facilities program pool.

1.	Glide Community Development 330 Ellis Street	$170,000
2.	899 Guerrero Street, Inc. 1415 Howard Street	125,000
3.	Homeless Facilities Program Pool	500,000
	TOTAL	**$795,000**

11/4/96

Item 10 - File 68-96-7

Department: Mayor's Office of Housing (MOH)

Item: Resolution authorizing the Mayor to apply for, accept and administer a grant from the U.S. Department of Housing and Urban Development (HUD) for the HOME Investment Partnership Program authorized under Title II of the National Affordable Housing Act of 1990 and approving the HOME Program description as described in the 1997 Action Plan for San Francisco's Consolidated Plan. Indirect costs associated with the acceptance of these grant funds will be paid by Community Development Block Grant (CDBG) funds.

Grant Amount: Not to exceed $6,241,000

Grant Period: February 1, 1997 to January 31, 1998

Source of Funds: U.S. Department of Housing and Urban Development (HUD)

Project: Home Investment Partnership (HOME) Program

Description: The HOME Program is authorized under Title II of the National Affordable Housing Act of 1990 (Public Law Number 101-625). The Act provides funds for the acquisition, rehabilitation and development of affordable housing.

In August, 1994, HUD issued regulations requiring that beginning in 1995, a Consolidated Plan be developed for the HOME Program, the Housing Opportunities for People With AIDS (HOPWA) Program and the Community Development Block Grant Program (CDBG). In response, the MOH has developed a Draft 1997 Consolidated Housing Development Action Plan. The MOH advises that this Draft Plan, when finalized, will function as their grant application. MOH must submit the final 1997 Consolidated Housing Development Action Plan to HUD by December 15, 1996. According to the Draft Consolidated Plan, the MOH anticipates receiving $6,241,000 or $33,000 more than the 1996 allocation of $6,208,000.

According to the Consolidated Plan, the City proposes to use its HOME funding allocation of $6,241,000 as part of the overall 1997 Consolidated Housing Development

Action Plan. The 1997 San Francisco Consolidated Housing Development Action Plan for privately-owned housing developments in San Francisco totals $31,534,348, including the proposed $6,241,000 HOME grant allocation, $2,394,000 of prior year HOME grant funds and the following other sources of development monies:

HUD HOME Funds:	
Proposed New 1997 Funds (Subject of this report)	$6,241,000
Uncommitted Funds from Prior Years	2,394,000
Subtotal HOME Funds	$8,635,000
Other Federal Sources	
Community Development Block Grant (CDBG)	$5,500,000
CDBG Program Income	750,000
HUD HOPWA funds	7,424,348
Subtotal Other Federal Sources	$13,674,348
Local Sources	
Code Enforcement Rehabilitation Fund (CERF) (CERF funds are received from the State Franchise Tax Board as a result of disallowed deductions and penalties from taxpayers with code violations)	$ 100,000
San Francisco Redevelopment Agency (SFRA) Tax Increment Funds	5,525,000
Hotel Tax Funds	3,600,000
Subtotal Local Sources	$9,225,000
Total Projected Funds for Privately-Owned Housing Developments in 1997	$31,534,348

The proposed total 1997 HOME Program funds of $6,241,000 represents approximately 20 percent of the total $31,534,348 in projected funds for privately-owned housing development in San Francisco. These funds are dedicated for privately-owned housing development since none of these funds would be used by the San Francisco Housing Authority or for other public housing projects; instead, all of these funds, excluding administrative costs for MOH, would be allocated by the City to private or non-profit developers.

Procedures for allocating HOME Program funds were approved by the Board of Supervisors in August, 1992 (File 68-92-4.1) and revised in February, 1994 (File 68-94-7). (These procedures outline broad criteria and a process to follow for allocating the HOME Program funds, such as

how to notice the availability of housing funds to interested parties, how to evaluate the funding proposals, specific underwriting criteria, etc.). Projects which are eligible for HOME funding are as follows:

1. Projects, which are funded for capital construction or rehabilitation of housing units to be owned and managed by the applicant, must be occupied by households with incomes that do not exceed 60% of the median income as established by HUD.

2. First-time home ownership assistance may be provided for low income persons with household incomes that do not exceed 80% of median income as established by HUD.

3. Rehabilitation of private investor-owned units may be funded with required matching funds of up to 50% depending on the feasibility of the project. Rehabilitation projects must be occupied by persons with incomes that to not exceed 60% of median income as established by HUD for periods of fifteen, twenty or twenty-five years depending on the term of the loan.

Loans may be interest bearing or interest free and loan principal may be amortized or deferred. The terms under which interest and/or principal are to paid by the developer are determined by the Mayor based on the financial feasibility of each project.

HOME regulations require that a minimum of 15 percent of the City's 1997 HOME allocation of $6,241,000, or $936,150 be reserved for housing developed, sponsored or owned by non-profit Community Housing Development Organizations (CHDOs). Nearly all of San Francisco's affordable housing development efforts in recent years have been conducted in collaboration with local community-based non-profit housing development corporations, several of which have satisfied HUD requirements to qualify as CHDOs. CHDOs are expected to continue performing the roles that non-profit housing development corporations have traditionally performed in San Francisco, including acquisition and rehabilitation of existing buildings, acquisition of sites and development of new housing and ownership and management of subsidized developments.

Budget: The $6,241,000 in HOME Program funds for new activities in 1997 and $2,394,000 of uncommitted funds

from prior years, for a total of $8,635,000 are proposed to be expended in 1997 as follows:

	Remaining 1996 Funds	New 1997 Funds	Total Funds
Acquisition and rehabilitation of housing units for low income by community housing corporations.		$2,446,500	$2,446,500
New Housing Construction		1,346,122	1,346,122
Acquisition and Rehabilitation		750,000	750,000
Tenant-Based Rental Assistance		50,000	50,000
Administration			
CHDO Administration			
Chinese Community Housing Corp.		50,000	50,000
Mission Housing Development Corp.		50,000	50,000
Tenderloin Neighborhood Development Corp.		50,000	50,000
Subtotal CHDO Administration		150,000	150,000
MOH Administration		474,100	474,100
Supportive Housing*	$2,394,000	0	2,394,000
Contingencies	________	1,024,278	1,024,278
Total	$2,394,000	$6,241,000	$8,635,000

* Potential recipients of HOME funds in this category for 1996 and 1997 are Hamilton Family Shelter with a request of $1,526,276 and Casa de las Madres with a request of $2,200,000.

Required Match : $1,560,250

Indirect Costs: Indirect costs for General City purposes will be paid from CDBG funds.

Comments: 1. According to Mr. Joe LaTorre of the MOH, the 25% matching fund requirement of $1,560,250 is anticipated to be provided from Hotel Tax funds. As previously noted, in 1997, the MOH is anticipating receiving an estimated total of $3,600,000 in Hotel Tax funds, which was appropriated in the Fiscal Year 1996-97 budget to be used for the development of housing for seniors and physically disabled residents. Mr. LaTorre reports that $1,560,250

of these Hotel Tax expenditures will be used as matching funds for the proposed HOME Investment Partnership Program grant.

2. Projects have been identified for the $2,394,000 in 1996 HOME funds and $1,332,276 of the 1997 HOME funds. An additional $4,284,624 is requested for increased funding for loan pools which are to be allocated pursuant to 1994 criteria and procedures for allocating HOME Program funds which were adopted by the Board of Supervisors.

3. Home regulations limit expenditures for payment of reasonable administrative and planning costs of the HOME Program to an amount of HOME funds that is not more than ten percent of the fiscal year HOME basic formula allocation. The proposed resolution would authorize administration and planning costs of $624,100 of which $150,000 ($50,000 each) is proposed to be allocated to Chinese Community Housing Corporation, Mission Housing Development Corporation and Tenderloin Neighborhood Development Corporation as shown above. Details have not yet been provided as to how the remaining $474,100 would be expended by MOH Administration. The proposed resolution should be approved to authorize the Mayor to apply and accept the proposed amount of $6,241,000 but the amount of $474,100 should be reserved pending the submission of details to the Board of Supervisors as to how these funds are to be expended.

4. The proposed resolution would authorize the Mayor to apply for, accept and <u>administer</u> the HOME Investment Partnership Program HUD funds, but does not authorize the Mayor's Office to <u>expend</u> the proposed $6,241,000 of funds. Mr. LaTorre of the MOH reports that the MOH believes that the authority to administer the HOME Investment Partnership Program HUD funds includes authority to expend the funds without further authorization by the Board of Supervisors (see attached letter). Since the proposed legislation is unclear as to whether expenditure authority is being authorized, the resolution should be amended to delete the word administer and substitute the word expend.

Recommendations:

1. Amend the proposed resolution to delete the word administer and substitute the word expend.

2. Further amend the proposed resolution to reserve the amount of $474,100 pending the submission of details as to how the funds would be expended.

3. Approve the proposed resolution as amended.

of these Hotel Tax expenditures will be used as matching funds for the proposed HOME Investment Partnership Program grant.

2. Projects have been identified for the $2,394,000 in 1996 HOME funds and $1,332,276 of the 1997 HOME funds. Details are not yet available as to how the remaining $4,908,724 in 1997 HOME funds would be expended. The proposed resolution should be approved to authorize the Mayor to apply and accept the proposed amount of $6,241,000 but the amount of $4,908,724 should be reserved until details are available as to how these funds are to be expended. Such details should include all expenditures for MOH administration and the number of housing units for each project.

3. The proposed resolution would authorize the Mayor to apply for, accept and administer the HOME Investment Partnership Program HUD funds, but does not authorize the Mayor's Office to expend the proposed $6,241,000 of funds. Mr. LaTorre of the MOH reports that the MOH believes that the authority to administer the HOME Investment Partnership Program HUD funds includes authority to expend the funds without further authorization by the Board of Supervisors (see attached letter). Since the proposed legislation is unclear as to whether expenditure authority is being authorized, the resolution should be amended to delete the word administer and substitute the word expend.

Recommendations:

1. Amend the proposed resolution to delete the word administer and substitute the word expend.

2. Further amend the proposed resolution to reserve the amount of $4,908,724 pending further details as to how the funds would be expended.

3. Approve the proposed resolution as amended.

Attachment

MEMORANDUM

MAYOR'S OFFICE OF HOUSING

November 8, 1996

TO: Bill Courtright, Budget Analyst

FROM: Joe LaTorre

SUBJECT: File 68-96-7 - HOME Program Resolution

As you requested, I have reviewed the requirements and actions regarding the approval of the HOME Program over the past two years with Marcia Rosen, Director of MOH. MOH's position is that the statement attributed to me in your draft analysis (Comment 2) needs to be corrected.

Based on my review, it is the Mayor's Office of Housing's understanding that no further review or action by the Board of Supervisors is necessary beyond the granting of authority to administer the 1997 HOME program. I draw your attention to the Criteria and Procedures for Allocating HOME Program Funds, as revised January 21, 1994 and adopted by the Board of Supervisors by Resolution 143-94. On page 1, section I. B.1 states that "The Mayor shall be responsible for administration of all aspects of the HOME Program funds, and shall have all such authority as may be reasonably necessary to carry out these responsibilities."

At section I.C. on the same page, the Director of the Mayor's Office of Housing is required to submit an Annual Report to the Board of Supervisors, providing an accounting all HOME program funds received by the City and how these funds were expended, including specific project information. It would not make sense that such a report would be required if the Board were reserving authority to expend funds upon the submittal of project details, since that information would be included at the time authority to expend funds was sought.

Finally, at section II.B.2., the Criteria and Procedures states that the Mayor shall authorize commitment of HOME program funds for uses <u>other than</u> housing development only under specified circumstances, including when approved by the Board of Supervisors as part of the annual HOME Program Description. Again, we believe that it was the clear intent of the Board that, when used for housing development, no specific review or approval of the Board is required.

In summary, we understand that, by establishing the criteria and procedures for funding decisions and delegating administrative authority to the Mayor, the Board has authorized the operation of the HOME program as a pool for allocation according to specific guidelines. For this reason, we conclude that the language authorizing the Mayor to "administer" the program includes authority to expend funds in accordance with the Criteria and Procedures.

Please call me at 252-3188 if you have questions.

cc: Marcia Rosen

25 VAN NESS AVENUE, SUITE 700 * SAN FRANCISCO, CA 94102 * (415) 252-3177 * FAX (415) 252-3140

Item 11 - File 79-96-3

Department: Mayor's Office of Community Development (MOCD)

Item: Resolution approving the 1997 Community Development Program and authorizing the Mayor to apply for, receive and expend the City's 1997 Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development (HUD) estimated to be $26,179,000. The proposed resolution would also transfer and expend (a) reprogrammed funds from prior year Community Development Programs totalling $463,922 and (b) program income generated by the San Francisco Redevelopment Agency of up to $2,949,000 for a total of up to $29,591,922. The proposed resolution would also (a) approve expenditure schedules for recipient City departments and agencies, including indirect costs of $120,000, (b) determine that no environmental evaluation is required and (c) authorize the receipt and deposit of any funds in excess of the entitlement of 1997 CDBG entitlement of $26,179,000 be placed in a Contingency Fund.

Description: Refer to the Budget Analyst's separate report of November 13, 1996 on the Mayor's proposed 1997 Community Development Program.

Item 12 - File 101-96-7.1

Department: Mayor's Office of Community Development (MOCD)

Item: Hearing to consider release of reserved funds for the Mayor's Office of Community Development from the Convention Facilities Fund, in the amount of $1.1 million to fund the Lesbian, Gay, Bisexual and Transgender Community Center Project at 1800-1810 Market Street.

Amount: $1,100,000

Source of Funds: Convention Facilities Management Fiscal Year 1996-97 budget

Description: The San Francisco Community Center Project (CCP), a non-profit agency, was established to oversee the creation of the proposed Lesbian, Gay, Bisexual and Transgender (LGBT) community center. The CCP's mission is to plan, build and operate a self-sufficient community center that will provide a safe, affordable and supportive space to link individuals, within the proposed target groups, with services and programs across racial, religious, political, HIV status, gender, age, and economic lines. Specific services to be provided at the LGBT community center include, but would not be limited to (1) offering a meeting place for individuals and organizations, (2) providing an information referral system for those seeking employment, housing, community activities, and support, and (3) serving as a focal point for holding community forums which will include classes, workshops and activities. Additionally, the center would include office and retail space.

The Board of Supervisors previously approved a resolution (File 161-96-5) supporting the acquisition of property at 1800-1810 Market Street for the construction of the proposed LGBT community center. In August of 1996, the Board of Supervisors reappropriated $1,275,000 from the Convention Facilities Fund to the Mayor's Office of Community Development (MOCD) for predevelopment, design and property purchase costs for the proposed LGBT community center, placing $1,200,000 on reserve for land acquisition and design costs, pending submission of the appraisal on the land acquisition and contractor selection information on the design services. The MOCD is now requesting release of $1,100,000 for land acquisition.

CCP, with the assistance of the San Francisco Redevelopment Agency, has negotiated a purchase agreement with the property owner, Mr. Ray Hoffman, to purchase the land and the existing Victorian house, located at 1800-1810 Market Street, between Octavia and Laguna Streets, for $1,100,000. A copy of the appraisal is contained in the Budget Committee file. This space currently consists of 11,000 square feet of land and a three-story Victorian house. The land would be used for construction of a new facility, which, along with the existing Victorian house, would serve as the proposed LGBT community center. In June of 1996 a purchase agreement was signed by CCP and the property owner, Mr. Hoffman. This purchase agreement, which was contingent on satisfactory completion of inspections, is scheduled to expire in November, 1996. Mr. Jon Pon of the MOCD states that the necessary inspections, title search and survey have all been satisfactorily completed, along with the above-mentioned appraisal, so the property acquisition is ready to move forward.

Comments:

1. As previously reported (File 101-96-7), the total estimated cost of the LGBT community center is $7,299,063. The CCP reports that it has thus far identified a total of $4,053,500 (including the previously appropriated $1,275,000 in Convention Facilities Management monies) in funding sources to pay for the LGBT community center project. Total funding sources are as follows:

Convention Facilities Management
(Subject of this release of reserve) **$1,275,000**

Of the estimated $7.3 million cost of the project, $1,275,000 has been included in the Convention Facilities Management's FY 1996-97 budget. According to the Mayor's Budget Office, this $1,275,000 is lease revenue bond proceeds left over from the original Moscone Center expansion bond measure. These funds will be used for land acquisition and planning costs associated with the project.

Community Development Block Grant (CDBG) $228,500

The CCP applied for $250,000 in CDBG funds from the MOCD to support construction and/or offset renovation costs for this project. A recommendation of $228,500 is included in the MOCD's FY 1997 CDBG proposed budget.

San Francisco Redevelopment Agency (SFRA) $1,100,000

According to the SFRA, the property located at 1800-1810 Market Street on which the proposed LGBT community center is to be constructed is part of the Mid-Market Survey Area, which was approved by the Board of Supervisors in November of 1995 (File 291-95-1). The SFRA has committed to a contribution of $1.1 million for the construction of the LGBT community center through the issuance of Tax Increment Bonds for the Mid-Market Redevelopment Project Area. The SFRA has committed these funds pending the approval by the Redevelopment Commission and the Board of Supervisors of the Final Redevelopment Plan and the Environmental Impact Report (EIR) for the survey area, which are scheduled to be completed in late 1997.

Historic Tax Credit $115,000

Under Federal tax law, the owner of a building which has been designated as an historic site on the Federal register of historic properties is eligible to receive a Federal income tax credit for that property. If the owner of the property is a non-profit organization, Federal tax law allows that agency to sell the tax credit to a private investor in return for development capital, to be used to solely to offset the cost of rehabilitating the historic property. The maximum tax credit which can be sold is 20 percent of the rehabilitation cost of the property.

The CCP plans to file an application to request that the existing Victorian which is located on the proposed site for the LGBT community center be designated as an historic site in order to become eligible for the Federal tax credit. The CCP advises that it would sell this tax credit in the

amount of $127,500 (20 percent of the rehabilitation cost for the Victorian of $637,500) to a private investor in return for development capital to be used to partially offset the cost of rehabilitating the Victorian. The CCP hopes to receive at least $115,000 in net proceeds from selling the tax credit.

Donations/Fundraising	**$1,335,000**

The CCP expects to raise approximately $700,000 through major donations and approximately $635,000 through contributions from the community, corporations, foundations and individuals for a total of approximately $1,335,000.

Total Project Funding Sources	**$4,053,500**

2. As reflected above, the CCP has thus far identified $4,053,500 in funding sources to pay for the costs of the LGBT community center, which are $3,245,563 less than the CCP's estimated cost of $7,299,063 for this project. The CCP previously reported that it expects to fund the balance through additional fundraising and by applying for an unspecified loan amount from the Federal Department of Housing and Urban Development (HUD).

3. The CCP anticipates that construction of the LGBT community center will begin in the spring of 1998 and be completed by the fall of 1999.

4. Mr. Robert Dadurka of Pacific Union Real Estate Brokerage, who prepared the appraisal, advises that the sales price of $1,100,000 represents the fair market value of the site.

Recommendation: Based on the prior policy decisions of the Board of Supervisors to support the acquisition of the property for the construction of a community center to serve San Francisco's Lesbian, Gay, Bisexual and Transgender communities, and that a property appraisal has been submitted to the Board of Supervisors, approve the requested release of reserved funds.

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Steve Agostini
Paul Horcher
Ted Lakey

CALENDAR

BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, NOVEMBER 20, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVE., ROOM 410
SAN FRANCISCO, CA. 94102

MEMBERS: Supervisors Tom Hsieh, Barbara Kaufman, Sue Bierman

CLERK: Gregoire Hobson

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Disability Access

Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F Line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.

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The following services are available on request 48 hours prior to the meeting or hearing:

For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6075.

RESERVED FUNDS

1. File 101-95-36.1. [Release of Reserved Funds] Consideration of release of reserved funds, Department of Parking and Traffic, placed on reserve pending receipt of information on the MBE/WBE/LBE status of a competitively selected contractor for the St. Mary's Square Garage soil remediation project. (Supervisor Hsieh)

   ACTION:

2. File 101-95-58.1. [Reserved Funds, Airport] Consideration of release of reserved funds, Airport (Narcotics Forfeiture and Asset Seizure Fund Revenues), in the total amount of $388,592.64 (Response Team/Detection Equipment - $179,892.64 and Police Reporting System - $208,700), to fund the Airport's Narcotics Interdiction Program during fiscal year 1996/97. (Airport Commission)

   ACTION:

3. File 143-95-7.1. [Reserved Funds, Police Department] Consideration of release of reserved funds, Police Department, in the amount of $155,000, to fund the "COPS MORE" Program (to purchase laptop Motor Computer Terminals for use by community police officers, continuing services of an existing consultant, and hiring a new project manager). (Police Department)

   ACTION:

GENERAL

4. File 96-96-3. [Sale of Surplus Real Property] Resolution authorizing the sale of Water Department surplus property (0.73 acre parcel of land), to the City of Millbrae for $1,250,000. (Real Estate Department)

   ACTION:

5. File 127-96-5.1. [Summer Youth Employment Tax Credit Regulations] Communication from the Tax Collector transmitting the Summer Youth Employment Tax Credit Regulations. (Tax Collector)

   ACTION:

6. File 127-96-9. [Real Property Transfer Tax] Ordinance amending Part III of the San Francisco Municipal Code by adding Section 1108.4 which will exempt from the Real Property Transfer Tax conversions of stock cooperatives to condominiums which meet the criteria for exempt conversions set forth in Subdivision Code, Section 1396, and in which 80 percent or more of the cooperative units are financed in whole or in part by the City and County of San Francisco (conversion of Amancio Ergina Village). (Supervisor Hsieh)

ACTION:

7. File 30-96-24. [CHIP Program Funds for Fiscal Year 1996-97] Resolution authorizing adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) funds for fiscal year 1996/97 and that the chairperson or duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify the County Description of Proposed Expenditure of CHIP funds for fiscal year 1996/97. (Department of Public Health)

ACTION:

FEE

8. File 118-96-6. [Dog Licenses] Ordinance amending Article I of the San Francisco Health Code by amending Section 41.15 to increase fees for issuance of dog licenses; and amending Section 41.16 relating to reductions in dog license fees. (Animal Care and Control Department)

ACTION:

FISCAL

9. File 101-96-15. [Appropriation, Airport Commission] Ordinance appropriating $189,327,750, Airport Commission, from proceeds of Airport Revenue Bonds, Issue 13, to capital improvement projects for infrastructure improvements, interest expenses and professional services for fiscal year 1996-97. (Controller) RO #96111

(Consideration continued from 10/30/96)

ACTION:

10. File 101-96-16. [Appropriation, Department of Public Works] Ordinance appropriating and rescinding $101,976, Department of Public Works, from Gasoline Tax Fund to a capital project for Mission Street Lighting for fiscal year 1996-97. (Supervisor Leal) RO #96107

ACTION:

11. File 101-96-19. [Appropriation, Port Commission] Ordinance appropriating $1,579,000, Port Commission, of San Francisco Harbor Operating Funds, for various capital improvement projects (income property improvements at Piers 26 Annex, Pier 1-1/2, Pier 50 Shed A/alternate shed, and Agriculture Building). (Controller) RO #96112

ACTION:

BUDGET COMMITTEE
SAN FRANCISCO BOARD OF SUPERVISORS
401 VAN NESS AVENUE, ROOM 308
VETERANS BUILDING
SAN FRANCISCO, CA 94102

HEARING NOTICE

Bill Lynch
Documents Section
41 Main Library-Civic Center
100 Larkin Street

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 15, 1996

TO: Budget Committee

FROM: Budget Analyst Recommendation for meeting of

SUBJECT: November 20, 1996 Budget Committee Meeting

Item 1 - File 101-95-36.1

Department: Department of Parking and Traffic

Item: Hearing to consider the release of $190,000 in reserved funds for the St. Mary's Square Garage soil remediation project.

Source of Funds: Previously reserved General Fund monies

Amount: $190,000

Description: In January of 1996, the Board of Supervisors approved a supplemental appropriation ordinance in the amount of $266,000 to fund the second and final portion of Phase III of a project involving the cleanup of contaminated soil and groundwater resulting from leaking underground gasoline storage tanks at the City-owned St. Mary's Square Garage, located at 433 Kearney, and reserved an amount of $190,000 pending the selection of a contractor, the MBE/WBE status of the contractor, and the submission of contract cost details to the Board of Supervisors (File 101-95-36).

The gasoline storage tanks, located at St. Mary's Square Garage, were installed and used by a private operator who leased the Garage from the City beginning in 1952 through 1983. Subsequent testing by the City showed that the tanks

had leaked gasoline and contaminated the soil and groundwater nearby. Under State and City law and regulations, the City is obligated to clean up the St. Mary's Square Garage site, and has already taken the following steps:

- In March of 1993, the City removed the abandoned tanks, at a cost of $245,000 (Phase I of the project);

- In 1995, the City hired a consultant to survey the site, conduct soil and groundwater testing, and develop a plan for remediation (cleanup and removal of contaminated soil and water) of the site, at a cost of $120,000 (Phase II of the project);

- In 1995, the City hired a consultant to continue groundwater monitoring, and to design and develop specifications for a system for remediation of the site, at a cost of $200,000, (initial part of Phase III of the project).

As noted above, the Board of Supervisors reserved an amount of $190,000 for the second and final portion of Phase III of the project, pending the selection of a contractor, the MBE/WBE status of the contractor, and the submission of contract cost details. Mr. Steve Mullinnix of DPW advises that the Department of Public Works selected the firm of Marinship Construction Services, Inc., an MBE firm, as the second lowest bidder (see Comment No. 1), for an amount of $273,372. Marinship Construction Services, Inc. would be responsible for installing a remediation system to clean up the contaminated soil and groundwater below St. Mary's Square Garage. Specifically, the remediation system, which consists of underground piping and vacuum pumps, would extract gasoline vapors from the contaminated areas and then burn them in a safe manner.

As noted above, the contract for Marinship, Construction Services, Inc. is an amount of $273,372. Of this amount, $190,000 would be paid for from the subject reserved funds, and the balance of $83,372 would be funded by monies approved in the DPT's FY 1996-97 budget for maintenance.

Mr. Kevin Hagerty of the Department of Parking and Traffic (DPT) estimates that the annual operating costs of the remediation system will be approximately $100,000. Mr. Hagerty advises that the Department has included $100,000 in the Department's FY 1996-97 budget for these operating costs, and reports that these costs will be included in future DPT annual budget requests.

Comments:

1. Mr. Mullinnix advises that Marinship Construction Services, Inc. submitted the second lowest bid out of the three bids submitted to the DPW. The lowest bid of $267,943 was submitted by CET Environmental Services, Inc. However, Mr. Mullinnix advises that because Marinship Construction Services, Inc. received a 10 percent bid preference for its MBE status, the contract was awarded to Marinship Construction Services, Inc. CET Environmental Services, Inc. is not an MBE or WBE firm, and therefore did not receive a 10 percent bid preference.

Mr. Mullinnix has provided the following contract cost details, including the MBE and WBE participation, for the $273,372 to install the remediation system:

Prime Contractor, MBE (43.6%)	
Marinship Construction Services	$119,372
Subcontractor, WBE (54.8%)	
Sierra Environmental Services, Inc.	150,000
Other Subcontractor (1.5%)	
Soils Exploration Services	4,000
Total	$273,372

2. The owners of the Bank of America building adjacent to the St. Mary's Square Garage claim that the leakage at this site has damaged their property, and have sued the City to cleanup the site and for damage costs. The City has also made a legal claim against the former operator of the garage in connection with the leaking tanks. Of the previously approved supplemental appropriation of $266,000, an amount of $40,000 was allocated for the City Attorney's Office to prepare the City's defense and other materials in this matter. The City Attorney has also advised that showing timely progress by the City in cleaning up the site could save the City expense in this litigation.

3. Ms. Elaine Warren of the City Attorney's Office advises that in response to the lawsuit filed by the Bank of America against the City, the City has committed to the Superior Court that it will install the remediation system and have it operational by a deadline of mid-January, 1997. In order to expedite the construction work on Kearney street, Mr. Hagerty advises that the DPW awarded the contract to Marinship Construction Services, Inc. on November 1, 1996.

BOARD OF SUPERVISORS
BUDGET ANALYST

4. Mr. Hagerty notes that this project is eligible for State reimbursement and that an application has been filed with the State for this purpose. However, it is not known at this time whether or not the City would receive any such State reimbursement. Funds for such projects are allocated according to priorities assigned by the State, and DPT advises that reimbursement to public property owners, such as the City, has been assigned a low priority by the State, such that reimbursement from the State for this project is unlikely.

Recommendation: Approve the proposed release of reserved funds.

Item 2 - File 101-95-58.1

Department: Airport

Item: Release of reserved funds, in the amount of $388,592.64 of Narcotics Forfeiture and Assets Seizure Fund revenues to fund the Airport's Narcotics Interdiction Program for Fiscal Year 1996-97.

Amount: $388,592.64

Source of Funds: Narcotics Forfeiture and Asset Seizure Fund

Description: Pursuant to San Francisco Administrative Code Section 10.117-54, the Narcotics Forfeiture and Asset Seizure Fund was established to receive all assets acquired by City and County law enforcement agencies applicable to narcotics-related crimes. This Special Fund requires that all expenditures made from the Fund be used specifically for enforcement, training, prevention, prosecution programs, and equipment to enhance the effectiveness of the enforcement of narcotics laws.

According to Officer Tom Strong of the San Francisco Police Department (SFPD), various City departments, including the District Attorney, the San Francisco Airport Police and the SFPD receive a separate allocation of monies from the Narcotics Forfeiture and Asset Seizure Fund based on the amount of cash and other assets that are seized by each respective department during these narcotics enforcement activities. Officer Strong stated that the allocation of monies from the Narcotics Forfeiture and Asset Seizure Fund to various City departments is based upon Federal and State guidelines.

The Board of Supervisors previously appropriated the sum of $801,000 in Narcotics Forfeiture and Asset Seizure Fund monies in March of 1996 to fund equipment purchases for the Airport's Narcotics Interdiction Program, which was formally established in 1988. This Program was established for purposes of investigating and abating narcotics trafficking at the Airport (File 101-95-58). An amount of $390,359 was placed on reserve by the Board of Supervisors pending (1) the submission of detailed costs for equipment needed by the Airport for its narcotics-related investigations and (2) a determination of whether City staff or outside consultants would be used to develop and implement the Airport's Police Reporting Information System, a computer system which would enable Airport Police to (a) computerize record-keeping

functions, (b) develop a database, (c) track arrest reports, and (d) monitor all narcotics-related matters.

The Airport is now requesting that $388,592.64 be released from reserve to (1) purchase equipment for its Narcotics Interdiction Program, including armaments, protective clothing and other safety equipment ($152,710.14) and three canines trained in detecting bombs and narcotics ($23,460.50) for total equipment costs of $176,170.64, and (2) to develop the Airport's Police Reporting Information System, ($208,700).

Budget: 1. The Police Reporting Information System would be developed and implemented in-house on a work order basis by the Information Services Division (ISD) of the Telecommunications and Information Services Department. The budget for the development and implementation work for this system is as follows:

Description	Hours	Hourly Rates	Software Acquisition	Cost
Complete detailed design and define tables	765	$50		$38,250
Develop input forms, reports, and queries	1,176	$50		58,800
Module and System testing	485	$50		24,250
Installation, Implementation, and Project Management	1,001	$50		50,050
Training and Documentation	236	$50		11,800
Develop ad-hoc reporting and text search features	140	$50	$18,850	25,550
Subtotal	3,803			$208,700

2. The equipment budget for the Airport by major category is as follows:

Description	Cost
Armaments, Uniforms and Protective Equipment, and Firearms Training Equipment	$132,395.64
Explosives and Narcotics Detection Equipment	20,314.50
Three Canines at an average cost of $7,820.17 per canine	23,460.50
Subtotal	$176,170.64
Total Estimated Costs	$384,870.64

Comments: 1. The Attachment to this report, provided by the Airport, contains a summary of the vendor quotations for the above-listed equipment totaling $176,170.64.

<u>**BOARD OF SUPERVISORS**</u>
BUDGET ANALYST

2. As noted above, the total estimated costs for the Airport's Police Reporting Information System and the equipment are $384,870.64, or $3,722 less than the requested amount of $388,592.64.

Recommendation: In accordance with Comment No. 2 above, reduce the request for release of reserved funds by $3,722, from $388,592.64 to $384,870.64 and approve the request as amended.

<u>**BOARD OF SUPERVISORS**</u>
BUDGET ANALYST

AIRPORT POLICE
ASSETS FORFEITURE

RESPONSE TEAM/DETECTION EQUIPMENT TOTAL

Quantity	Item Description	Unit Price	Amount
20	Protech Cyborg Ballistic Helmet Model # 701	$266.00	$5,320.00
20	Protech Cyborg Face Shield Model #702M	266.00	5,320.00
30	Protech Assault Vest Level IIIA Model #2121	739.00	22,170.00
10	Protech Kevlar-Ceramic IV Plate Insert Model #1015	214.00	2,140.00
	Sales Tax		2,883.38
	Freight		350.00
			38,183.38
4	Buzztail Counter Snipers Rifle with adj. butt stock	3,045.00	12,180.00
4	O.P.S. Inc Suppressors Installed	650.00	2,600.00
4	Leopold Mark 4 M3-10X 3/4 Mildot Scope	1,746.40	6,985.60
	Delivery and Set-up		450.00
			22,215.60
10	H&K MP5SD3 Rifles	1,861.00	18,610.00
10	H&K MP5SD3 Multi Puposo Sling	33.00	330.00
10	H&K MP5 Thirty-Round Magazine	36.00	360.00
10	H&K MP5 Magazine Clip	36.00	360.00
10	H&K MP5 Magazine Loader	27.00	270.00
10	H&K MP5 Magazine Loader and Unloader	49.00	490.00
10	Surefire MP5 Flashlite	285.00	2,850.00
10	Surefire MP5 Laser Sights	885.00	8,850.00
	Sales Tax		2,956.97
			35,076.97
3	Astrophysics Model At-Portable Walk-Thru Metal Detectors	6,200.00	18,600.00
	Sales Tax		1,534.50
	Freight		180.00
			20,314.50

Quantity	Item Description	Unit Price	Amount
	Smart Range Rea (pop-up) Target System:		
12	Deluxe - 90	495.00	5,940.00
2	Phn Wire - 6 - 100	39.95	79.90
2	Shd Wire 4 100	79.95	159.90
15	Wire - Race - 4	19.95	299.25
1	Sup - 12 - 4	99.95	99.95
1	SMT - ENCL	105.00	105.00
1	SMT - P10	25.00	25.00
1	COMP - 2P	689.00	689.00
1	MR - 1	14.95	14.95
1	SC - 3	29.95	29.95
12	ME - 1	2.99	35.88
1	TB-500-GR	59.95	59.95
1	STB-250-BL	99.95	99.95
1	TT-100	4.95	4.95
1	RB-6	5.95	5.95
1	Factory Installation	2,400.00	2,400.00
1	Smartc Range	3,495.00	3,495.00
	Freight		375.00
			13,919.58
2	#333 Police Suits	759.60	1,519.20
2	#110 Chest Reinforcement	59.95	119.90
2	#111 Shin Insteps	39.95	79.90
2	#113 Chest/Side Protector	39.95	79.90
2	#114 Elbow Protector	39.95	79.90
2	#115 Extra Groin/Buttock Prot.	99.95	199.90
2	#810 Super Shield	99.95	199.90
	Freight		57.00
			2,335.60
4	Bushnell Lyte Speed 400 Laser Ranging System Item # XT 7100132	299.95	1,199.80
	Freight		30.00
			1,229.80
	Uncle Mike's Black Nylon Duty Equipment:		
9	Duty Belt #8773-1	24.95	224.55
12	Inner Belt #8806-1	10.95	131.40
9	Mag Case #8836-1	21.95	197.55
10	Pager Case #8852-1	13.95	139.50
8	Radio Case #8897-1	23.95	191.60
6	Cuff Case # 8878-1	16.95	101.70
6	Key Holder #8858-1	11.95	71.70
10	Flashlight Case #8818-1	13.95	139.50
2	Duty Belt #8874-1	24.95	49.90
1	Inner Belt #8807-1	10.95	10.95
4	Holster Beretta, L-Hand #9920-2	69.95	279.80
8	Keepers #8865-1	9.95	79.60
6	Baton Holder #8863-1	6.95	41.70
5	Holster Beretta, L-Hand #9520-2	79.95	399.75
40	Chemical Agent Case #8869-1	11.55	462.00
30	Equipment Bag #8894-5	75.00	2,250.00
	Sales Tax		393.62
	Freight		30.00
			5,194.82

Quantity	Item Description	Unit Price	Amount
30	Pair "Gloves Specialty" Nomex Gloves #NMX - BLK	41.88	1,256.40
30	"Gloves Speciality" Nomex Hood with bibs, #HD-BIB-BLK	66.95	2,008.50
60	Protuff U.S. 101 Black BDU Shirts, Long Sleeve	35.26	2,115.60
60	Protuff U.S. 101 Black BDU Pants	50.00	3,000.00
	Sales Tax		691.39
			9,071.89
1	Pure Bred German Shepherd from West Germany. The dog will be trained in explosives detection of nine odors.	9,200.00	9,200.00
1	Pure Blood Labrador Retriever. The dog will be trained in explosive detection of nine odors.	6,200.00	6,200.00
	Sales Tax		1,270.50
			16,670.50
1	Narcotics Detection Dog Golden or Labrador Retriever	6,500.00	6,500.00
	Sales Tax		290.00
			6,790.00
1	Laser Insert for 12 Gauge Shotgun Catalog #IN-12-SG	1,100.00	1,100.00
1	L.A.P.D. Braching Disc 1 Catalog #LVD-0015	4,043.00	4,043.00
	Freight		25.00
			5,168.00
		Subtotal	176,170.64

POLICE REPORTING SYSTEM

Complete detailed design, and define tables	38,250.00	
Development of input forms, reports, and queries	58,800.00	
Module and system testing	24,250.00	
Installation, implementation and project management	50,050.00	
Training and documentation	11,800.00	
Ad-hoc reporting and text search features	25,550.00	
	Subtotal	208,700.00

T O T A L	$384,870.64

Item 3 - File 143-95-7.1

Department: Police Department (SFPD)

Item: Hearing to consider the release of reserved funds, in the amount of $155,000, to fund the "COPS-MORE" Program for outside consulting services.

Amount: $155,000

Source of Funds: Previously reserved United States Department of Justice (DOJ)/Office of Community Oriented Policing Services (COPS) grant funds.

Project: Equipment and technology component of the Community Oriented Policing Services - Making Officer Redeployment Effective (COPS MORE) Program

Description: In June, of 1994, San Francisco voters approved Proposition B (911 Dispatch Center Financing Project) which authorized the City to enter into lease financing arrangements with the San Francisco Lease Finance Corporation, a non-profit corporation, for the purpose of constructing a combined dispatch center and acquiring related equipment, including a computer-aided dispatch system for police, fire and emergency medical services.

One component of the 911 Dispatch Center Financing Project was a Mobile Computing System (MCS), which would serve as an emergency dispatch system. Subsequent to the approval of Proposition B by the electorate in 1994, the SFPD was notified that it was eligible to receive Federal Grant funds under the COPS MORE Program for project costs associated with the Mobile Computing System.

The COPS MORE Program is designed to increase the level of community policing services by increasing Police Officer presence in the City's neighborhoods. The equipment and technology component of the COPS MORE Program consists of purchasing the Mobile Computing System and installing Mobile Computing Terminals (MCTs) in patrol vehicles, thereby allowing Police Officers to complete incident and accident reports in the field rather than at the District Stations. The SFPD advises that this would reduce the time expended by Police Officers driving to and from District Stations and would therefore enable Police Officers to spend additional time in the field, responding to service calls, investigating crimes and completing crime reports while remaining in the neighborhoods in which they patrol.

In February of 1996, the Board of Supervisors authorized the SFPD to accept and expend $2,713,801 in Federal grant funds under the COPS MORE Program (File 143-95-7), and appropriated the required matching funds from 911 Project Funds authorized under Proposition B (File 101-95-44). Of the $2,713,801, the Board of Supervisors reserved an amount of $2,411,090. Included in this reserve was an amount of $155,000, the subject of the proposed request, to be used by the Department of Telecommunications and Information Services, Information and Services Division (ISD) (formerly the Controller's Information and Services Division) for consultation services relating to the development and installation of software for the Mobile Computing System. The amount of $155,000 was reserved pending the selection of a contractor, the MBE/WBE status of the contractor, and the submission of contract cost details.

Subsequent to the reserve of the subject $155,000 in grant funds, Sergeant Bisordi of the Police Department advises that the SFPD determined that due to the complexities of the technology related to the Mobile Computing System, it is necessary to hire outside consultants, through the Department of Telecommunications and Information Services, to oversee the implementation of the Mobile Computing System. Therefore, Mr. Rodney Loucks of the ISD advises that the proposed $155,000 in reserved funds would be used to hire two consultants for the following functions: (1) one consultant would be responsible for designing and installing computer software for the Mobile Computing System, including the Mobile Computing Terminals ($70,000) (see Comment No. 1), and (2) the other consultant would provide project management services to oversee the equipment and technology component of the COPS MORE Program ($85,000) (See Comment No. 2).

Comments:

1. Mr. Loucks advises that in order to design and install the computer software for the Mobile Computing System and the Mobile Computing Terminals, the ISD would continue to utilize the consulting services of Executive Directions. Executive Directions is not an MBE or WBE firm. Mr. Loucks advises that Executive Directions would provide approximately 864 hours of service at an hourly rate of $81 per hour, for a total amount of $70,000. According to Mr. Loucks, the ISD selected Executive Directions through a Request for Proposal (RFP) process in early 1995, in order to provide preliminary computer programming services for the 911 Dispatch Center Project.

2. Mr. Loucks advises that the ISD has not selected a consultant to provide project management services for the COPS MORE Program. Therefore, an amount of $85,000 should remain on reserve for the project management services, pending the selection of the consultant, the MBE/WBE status of the consultant, and the submission of cost details for project management services to the Board of Supervisors.

Recommendations: 1. Continue to reserve $85,000 pending the selection of a consultant for project management services, the MBE/WBE status of the consultant, and the submission of cost details.

2. Approve the release of $70,000 in reserved funds.

<u>**BOARD OF SUPERVISORS**</u>
BUDGET ANALYST

Item 4 - File 96-96-3

Department: Department of Real Estate (DRE)
San Francisco Water Department (SFWD)

Item: Resolution authorizing the sale of Water Department surplus property (0.73 acre parcel of land) to the City of Millbrae for $1,250,000.

Location: Approximately 31,799 square foot area bordered by Millbrae Avenue, Hemlock Avenue, Linden Avenue and Railroad Avenue in the City of Millbrae.

Sales Price: $1,250,000, or approximately $39.31 per square foot.

Description: The SFWD owns a 0.73 acre (31,799 square foot) parcel of land in the City of Millbrae. This parcel of land has been declared surplus by the Public Utilities Commission to the needs of the SFWD, and had been leased to the adjacent El Rancho Motel for use as a parking lot until August 1, 1994. At that time, the City of Millbrae obtained a permit from the SFWD to use the subject property at no cost as part of the Millbrae Avenue Grade Separation Project, which involved construction of a railroad overcrossing for Millbrae Avenue. Mr. Larry Ritter of the DRE states that the SFWD issued the permit with the understanding that a sale agreement would eventually be reached to transfer the subject property to the City of Millbrae, and that San Francisco would be compensated for lost rental income. The proposed resolution would approve the sale, according to the terms and conditions of the sale agreement that is contained in the Budget Committee file.

The sale agreement provides that the City of Millbrae will pay the City $1,250,000, plus: (1) interest on the purchase price from to March 28, 1995, when the City of Millbrae commenced construction on the site, through the close of escrow; (2) compensation for lost rental income from August 1, 1994, when the City of Millbrae obtained a permit to use the subject property, to March 28, 1995, when construction began, in the amount of $500 per month, or $3,935.98; and (3) reimbursement for Property Tax Payments made by the City to San Mateo County covering August 1, 1994 to the date of closing.

Comments: 1. The sale agreement prepared by the DRE and the City of Millbrae states that competitive bidding of the subject property would be impractical or impossible, because the City of Millbrae has advised the DRE that it will file an

eminent domain action if the City of San Francisco does not agree to sell the subject property to the City of Millbrae for use as part of the Millbrae Avenue Grade Separation Project.

2. Mr. Ritter reports that, prior to issuing a permit for use of the subject property by the City of Millbrae on August 1, 1994, the SFWD was receiving monthly rental payments of $500 from the adjacent El Rancho Motel, which used the subject property as a parking lot. Mr. Ritter states that this prior rental agreement is the basis for the $500 per month compensation for lost rental income from August 1, 1994 to March 28, 1995 that is provided in the sale agreement. Mr. Ritter advises that, from March 28, 1995 to the date of closing of the sale, the City of Millbrae would pay interest on the sales price, rather than compensate the City of San Francisco for lost rental income, because the City of Millbrae started construction on the site on March 28, 1995.

3. The sale agreement states that the purchase price was agreed to in settlement of a dispute as to the fair market value of the property, in order to avoid litigation. The sale agreement further states that, "The parties agree that the purchase price agreed to in the settlement is not and shall not be deemed an admission or concession that said price constitutes the true fair market value of the property." According to Mr. Ritter, based on an in-house appraisal by DRE staff, the proposed sales price of $1,250,000 does in fact represent the fair market value of the site. However, Mr. Ritter reports that the City of Millbrae maintains that the fair market value of the property is lower than $1,250,000. Mr. Michael Cohen of the City Attorney's Office states that the statement quoted above will not prejudice the City's interest in any way.

4. The sale agreement provides that the City of San Francisco will seek a Property Tax rebate from San Mateo County for taxes covering the period from August 1, 1994 to the date of closing, on the grounds that the City of San Francisco gave up possession of the subject property (i.e. issued a use permit) to the City of Millbrae for construction of a public project. However, the sale agreement further provides that, if the City of San Francisco does not obtain a full rebate of such Property Taxes from San Mateo County, the City of Millbrae will reimburse the City of San Francisco.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 5 - File 127-96-5.1

Department: Tax Collector

Item: Communication from the Tax Collector transmitting Summer Youth Employment Tax Credit Regulations in accordance with requirements of Part III, Articles 12-A and 12-B of the Municipal Code, adding Sections 906-C and 1005.7 which provides for credits against, the Payroll Expense Tax and the Business (Gross Receipts) Tax for businesses hiring youths between the ages of 14 and 21 for the summer.

Description: In June, 1996, the Board of Supervisors amended the Administrative Code to create the Summer Youth Employment Tax Credit in order to increase the number of youth employed in San Francisco during the summer, without displacing existing jobs. The purpose of the tax credit is to provide an incentive for businesses to create such summer, temporary jobs for youth, with an emphasis on disadvantaged youth. The amount of the tax credit is 100 percent of the tax liability for a summer job filled by a disadvantaged youth and 50 percent of the tax liability for a summer job filled by a non-disadvantaged youth.

"Youth" is defined by the ordinance as any individual who during the duration of the tax credit period is between the ages of 14 and 21. "Disadvantaged Youth" means any youth whose family income is not greater than 80% of median family income as provided in the most recently published estimate of median family income for San Francisco by the United States Department of Housing and Urban Development or any successor agency. A "summer job" means any job created after the second Monday of May of the calendar year and before July 1 of the calendar year, and includes internships, clerkships, and apprenticeships. A "summer job" does not include positions that have been offered in years prior to 1996 and repeated in subsequent summers.

Any business subject to the Payroll or Gross Receipts Tax under Article 12-A of Part III of the Municipal Code will be allowed a credit against such tax liability to the City for each summer job created; however, in no event shall the tax credit reduce a taxpayer's liability for such tax to less than zero. Each taxpayer claiming the credit shall file with the Tax Collector, on a form prescribed by the Tax Collector, an affidavit, under penalty of perjury, attesting to the facts required by the Tax Collector to establish the taxpayer's entitlement to the tax credit consistent with this Section and regulations adopted by the Tax Collector. In no event shall the credit be provided for

any work performed before the second Sunday of May or after the second Sunday of September of the calendar year.

No business shall be allowed a credit for any job which previously had been performed in San Francisco by a predecessor employee. Therefore, the proposed Summer Youth Tax Credit will be granted to new summer jobs created by San Francisco businesses, and no credit will be granted for summer jobs that existed in prior years.

The Tax Collector is directed by the ordinance to formulate, issue, and enforce rules and regulations relating to the application of the Summer Youth Jobs Tax Credit, including provisions which provide penalties due to fraud, any underpayment of tax, or an intent to evade this ordinance or authorized rules and regulations of the City. The Board of Review, consisting of the City Administrator, the Controller and the Assessor, shall approve, modify or disapprove the rules and regulations prescribed by the Tax Collector pursuant to this ordinance. The Attachment to this report provides the Tax Collector's proposed Summer Youth Employment Tax Credit regulations.

Comments:

1. Because the Summer Youth Jobs Tax Credit does not apply to work previously performed by other employees or to summer youth jobs of the same type that existed in prior years, the tax credit will not affect Payroll and Gross Receipts Tax collections for existing jobs. The fiscal impact of the proposed ordinance will therefore be limited to newly created Summer Youth Jobs that would have been created in the absence of the tax credit. Tax Collector Richard Sullivan estimates that the Summer Youth Employment Tax Credit will result in reduced Payroll and Gross Receipts Tax revenues to the City of between $18,200 and $98,400 annually depending on the number of new summer youth jobs created and the number of employers who apply for the Summer Youth Employment Tax Credit.

2. The Tax Collector has estimated that the cost of administering the Summer Youth Employment Tax Credit would be approximately $26,000 for one time start up costs, and $25,500 annually during the existence of the tax credit. As a result of this new responsibility and the other Tax Credit programs recently enacted (i.e. the New Jobs Tax Credit and the Enterprise Zone Tax Credit), Mr. Sullivan reports that these three programs will now require a single full time equivalent position to administer, and states that he will be preparing a supplemental appropriation request for this purpose. If a new position is not approved, these duties will be

absorbed by existing staff with potential revenue consequences, according to Mr. Sullivan.

3. The Board of Supervisors can either approve these regulations, or suggest modifications and approve modified regulations. To do either, the Budget Committee should prepare in and report out a motion approving, or approving as modified, the Summer Youth Employment Summer Youth Tax Credit Regulations. A further option is for the Budget Committee to send the regulations back to the Tax Collector for further modification should that be appropriate.

Recommendation: The Budget Analyst has no recommendations to modify the proposed regulations prepared by the Tax Collector. If the Budget Committee chooses to approve or modify the regulations, the Committee should prepare in and report out the appropriate motion to do so.

<u>BOARD OF SUPERVISORS</u>
BUDGET ANALYST

SUMMER YOUTH EMPLOYMENT TAX CREDIT REGULATIONS

(a) *Authority for Regulations.* The following regulations interpreting the Summer Youth Employment Tax Credit are issued pursuant to authority granted by Part III of the San Francisco Municipal Code, sections 906-C(e), 908, and 1018.

(b) *Definition of Summer Job.* (1) Section 906-C(b)(3) of the Payroll Expense Tax states that a summer job, as defined in section 906-C, shall not constitute a job performed by a predecessor employee; provided that a prior year's Summer Job shall not be considered a job performed by a predecessor employee.

(2) In order to determine whether a summer job was performed by a predecessor employee, an employer must apply two tests, involving three calculations.

(i) *Summer Job Base Year Test.* First, the employer must calculate the number of summer jobs that it had in San Francisco 1995. The employer shall not be eligible for the Summer Youth Employment Credit for summer jobs in any year subsequent to 1995 except to the extent that the number of summer jobs exceeds the number of summer jobs that the employer had in 1995.

In addition, the employer must calculate the compensation paid for summer jobs in 1995. Credits for summer jobs in future years will be limited to the amount by which the payments for summer jobs exceeds the 1995 base year payments for summer jobs. The Tax Collector may prescribe an inflation factor for increasing the 1995 base year as he or she deems appropriate.

(ii) *Full-Time Job Base Year Test.* Finally, the employer must calculate the highest number of full-time equivalent employees it had in San Francisco for the period March-April in the year for which the job credit is to apply. The Summer Youth Employment Tax Credit shall only be available to the extent that the

number of summer jobs plus other full-time equivalent employees exceeds the figure calculated in the previous sentence, unless the employer can demonstrate to the satisfaction of the Tax Collector that jobs performed by summer employees were not in replacement of jobs performed by other employees. Employees are only counted for time for which they are paid; employees on unpaid leaves of absence are not counted as employees for purposes of this computation.

Where the full-time job base year limits the number of jobs, for purposes of determining the credit allowable, it shall be assumed that each qualifying job was paid an amount equal to the average for all summer jobs prior to application of the full-time job base year limit.

(3) The following examples illustrate the foregoing principles.

Example 1. In 1995, Employer A hired 20 youths for summer employment. In 1996, Employer A has 250 full-time employees and 20 half-time employees in San Francisco during the entire period of March and April. Throughout the summer, Employer A continues to have 250 full-time and 20 half-time employees and Employer A also hires 25 youths for the summer. Since A hired 20 summer youths in 1995, only 5 of the 1996 summer positions will be eligible for the credit. In March and April, A had 260 full-time employees, and that number continued throughout the summer. Thus the full-time job base year does not affect the number of summer positions eligible for the tax credit.

Example 2. Facts are same as in Example 1. In addition, throughout March 1997, Employer A continues to employ 250 full-time employees and 20 half-time employees, but in April 1997, Employer A employs only 248 full-time employees and 20 half-time employees. Over the summer, Employer A continues to employ 248 full time employees and 20 half-time employees. Employer A hires 23 youths for the summer. Under the summer job base year, Employer A would qualify for the jobs credit for 3 jobs (23 less the 1995 base year of 20). However, since the high

figure for March-April 1997 was 260 full-time equivalents and over the summer, Employer A employed only 258 full-time equivalents, the 3 jobs qualifying for the credit are reduced to 1 unless Employer A can demonstrate to the Tax Collector that summer employees are not performing the work that the two extra full-time employees were doing in March 1997.

Example 3. Facts are the same as in Examples 1 and 2. In addition, in March and April 1998, Employer A employs 250 full-time employees and 20 half-time employees. Over the summer, Employer A continues to employ the same number of full-time employees, but two of them are on unpaid leaves of absence. Because the two employees are not working over the summer, they are not counted as paid employees, and so the number of summer jobs qualifying for the credit will be reduced by 2 as a result of application of the full-time base year test.

Example 4. In 1995, Employer B hires 10 youths each of whom works 10 weeks of 40 hours at $5/hour. Thus, Employer B has a payroll for summer youths in 1995 of $20,000. In 1996, Employer B hires 20 youths each of whom works 5 weeks of 40 hours at $5/hour. Thus, in 1996, Employer B has a payroll for summer youths of $20,000. Even though Employer B has hired twice as many youths, because there has been no net creation of summer jobs (as measured by the payroll for summer jobs), no credit is permitted for 1996.

Example 5. Employer C has three summer jobs eligible for the credit before application of the full-time job base year test. One job paid $2,000 over the summer, and the other two jobs paid $2,500 over the summer. After application of the full-time job base year test, only two of the jobs are eligible for the credit. In determining the amount of the credit, it shall be presumed that each job paid $2,333.33 (($2,000 + $2,500 + $2,500)/3), so Employer C will be eligible for a credit on a qualifying payroll of $4,666.67.

(c) *Qualifying Ages.* The credit is not available for any work performed by an individual who (i) has not attained his or her fourteenth birthday or who (ii) who has attained his or her twenty-second birthday.

(d) *Coordination with Small Business Exemption.* Section 906-C(d) states that if after the summer Youth Jobs Credit is applied, a taxpayer's net tax does not exceed $2,500 and the taxpayer is a "small business enterprise" as defined in section 905-A of the Payroll Receipts Tax, the taxpayer shall be exempt from taxation under the ordinance. Solely for purposes of applying the previous sentence, it shall be presumed that all Youths are Disadvantaged Youths; i.e., all credits shall be allowed at 100% instead of 50% for this purpose. The intent of this provision is to preserve the small business exemption for employers whose payrolls increase beyond the exempt amount as a result of having hired Youths for Summer Jobs.

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By:
CLAUDE F. KOLM
Deputy City Attorney

Item 6 -File 127-96-9

Department: Mayor's Office of Housing (MOH)

Item: Ordinance amending Part III of the San Francisco Municipal Code to add Section 1108.4 which would exempt from payment of the Real Property Transfer Tax the conversions of stock cooperatives to condominiums which (a) meet the criteria for exempt condominium conversions, and (b) in which 80 percent or more of the cooperative units are financed in whole or in part by the City and County of San Francisco under its Home Ownership Assistance Loan Fund administered by the Mayor's Office of Housing.

Description: The proposed ordinance adds Section 1108.4 to the Revenue and Finance Business Regulations (Part III of the San Francisco Municipal Code). The proposed ordinance would exempt the conversion of certain housing cooperatives to condominium units from payment of the Real Property Transfer Tax. Such an exemption would be granted for a cooperative (a) which is entitled to an exemption from the annual limitation imposed on the number of condominium conversions and the annual condominium conversion lottery (per Section 1396 of the Subdivision Code) and (b) wherein 80 percent or more of the condominium units serve as security for loans in favor of the City and County of San Francisco under its Home Ownership Assistance Loan Fund administered by the Mayor's Office of Housing (per Section 10.117.76 of the Administrative Code).

The Home Ownership Assistance Loan Fund was created for the purpose of expanding homeownership opportunities for low and moderate income first time home buyers by making low interest or no interest loans for such home buyers. Fund proceeds are used to finance, in whole or in part, homeownership by eligible participants. The first time home buyers are required to repay their mortgage loans to the City's Home Ownership Assistance Fund. When housing units are sold by the owners who have been assisted by the Fund, any increased equity is shared (in the proportion of the amount of the principal of the City's loan to the value of the unit after its sale, plus ten percent) by the owner and the City. All Fund proceeds from loan repayments and from the City's share of equity gains resulting from the sale of such property are deposited in the Home Ownership Assistance Fund and used for future housing assistance programs.

Section 1396 of the Subdivision Code provides that 200 residential units can be converted to condominiums annually if selected by lottery from a pool of eligible applicants. To be eligible, applicants must fall within one of the following criteria:

- buildings consisting of four units or less in which one of the units has been occupied continuously by one of the owners of record for three years prior to the date of registration for the lottery;
- buildings consisting of six units or less in which 50 percent or more of the units have been occupied continuously by one or more of the owners of record for three years prior to the date of registration for the lottery; and,
- community apartments or stock cooperatives where 75 percent of the units have been occupied continuously by the owners of record prior to the date of registration for the lottery.

The proposed ordinance is intended to be limited and directed to transferring subsidized housing developments from stock cooperative ownership to individual condominiums. In a stock cooperative, the share owners have individual mortgages and can sell their shares the same way a traditional owner would sell a single family residence.

At the present time, the 72 unit Ergina Village built in the mid-1980s and located in the Western Addition on Scott, Ellis and O'Farrell Streets, is the only stock cooperative designated by MOH for condominium conversion in the near future. No other existing stock cooperatives exist that would qualify for this exemption, according to Mr. Joe LaTorre, Deputy Director of the Mayor's Office of Housing.

According to Ms. Marcia Rosen, Director of the Mayor's Office of Housing, only one lender in the City (First Republic Thrift and Loan) will finance mortgages sales of mortgage backed shares in the Amancio Ergina Village. First Republic Thrift and Loan charges approximately one percent higher mortgage interest rate than most lenders and only permits adjustable mortgages in the amount of 70 percent of the sales price. Therefore, sales by share owners have been inhibited to the detriment of the share owners and the Home Ownership Assistance Loan Fund.

Ms. Rosen adds that because the condominium conversion "changes the form but not the substance of the owners' interest, MOH believes that the condominium conversion should not be subject to the City's Real Property Transfer Tax". Under this condominium conversion, the owners of the current stock cooperative would not change through the condominium conversion process.

The MOH adds that the proposed ordinance is needed for this type of condominium conversion because the conversion: (1) reflects only a technical change to the definition of homeownership, (2) promotes the objectives of homeownership for low and moderate income homeowners and (3) is limited to a single project in the foreseeable future.

The Real Property Transfer Tax is a tax on the sale or transfer of ownership of all real property in San Francisco. Section 1102 of the Municipal Code provides that the transfer of property with a value less than or equal to $250,000 be taxed at the rate of $2.50 for each $500 of value. According to Mr. LaTorre, the average housing unit in the Amancio Ergina Village has an approximate value of $150,000. MOH further estimates that, upon conversion to condominiums, the average value will increase by $20,000, to a total of $170,000. This $20,000 increase in value is to be shared equally by the homeowners and the City's Home Ownership Assistance Loan Fund, representing an increased benefit to the City's Home Ownership Assistance Fund in addition to the normal sharing of equity gains described on the first page of this report. Based on an average current value of $150,000 for the 72 housing units, the amount of Real Property Transfer Tax revenue due to the City would be $54,000, or $750 per unit. Therefore, if this proposed ordinance is approved, the Real Property Tax revenues to the City would be reduced by $54,000. However, any future sale of the converted condominium units would be subject to the Real Property Transfer Tax.

Comment: Despite the fact that the conversion of the Amancio Ergina Village will increase the value of the properties by approximately $20,000 per unit (or by a total of $1,440,000 for the 72 units) the conversion will not cause a reassessment by the Assessor for Property Tax purposes. Mr. Verne Walton, Deputy Assessor, states that under State Board of Equalization rules, since there is no actual change of ownership of the units, a reassessment of the property is not allowed.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 7 - File 30-96-24

Department: Department of Public Health (DPH)

Item: Resolution authorizing the adoption of the County Description of Proposed Expenditures of California Healthcare for Indigents Program (CHIP) funds for Fiscal Year 1996-97, and authorizing the chairperson or duly authorized representative of the Board of Supervisors of the City and County of San Francisco to certify the County Description of the Proposed Expenditure of CHIP funds for Fiscal Year 1996-97.

Description: In October of 1989, the DPH began its implementation of State Assembly Bill (AB) 75, the Proposition 99/Tobacco Tax Bill. State AB 75 created the California Healthcare for Indigents Program (CHIP) to provide counties with funds for the provision and expansion of health care services to medically indigent adults.

CHIP funds are used to reimburse participating county hospitals, and non-county hospitals, for inpatient, outpatient and emergency services and participating private physicians for emergency, obstetric and pediatric services provided to indigent persons. The DPH advises that State regulations require that the County submit to the State, on an annual basis, a description of the County's proposed expenditures of the CHIP funds. The DPH reports that for FY 1996-97, the County will receive an allocation totaling $9,079,584 in CHIP funds as follows:

County Hospitals		$6,474,008
Non-County Hospitals		240,154
Physician Services	$112,000	
Emergency Medical Services	539,627	651,627
Other Health Services		1,713,795
Total		$9,079,584

According to Mr. Jeff Leong of the DPH, the State distributes the CHIP funds by formula. At the time that the Board of Supervisors approved the CHIP funds in the DPH FY 1996-97 budget, the DPH estimated an allocation of $9,017,274 in CHIP funds. The total amount of $9,079,584 reflects an increase of $62,310 over the originally anticipated allocation of $9,017,274 (see Comment No. 1.)

San Francisco General Hospital (SFGH) has been designated as the City's recipient of CHIP funds earmarked for county hospitals. As noted above, for FY 1996-97, the total amount

available for expenditure by SFGH is $6,474,008. Under the DPH proposed Expenditure Plan, the $6,474,008 would be expended as follows:

SFGH Indigent Care	$5,970,539
Child Health and Disability Prevention Treatment Services	111,408
DPH Administrative Costs	392,061
Total	$6,474, 008

The total amount available for expenditure for non-county hospitals is $240,154. The DPH reports that under the Department's proposed expenditure plan, 50 percent or $120,077 of the CHIP non-county hospital funds will be allocated to the City's ten local non-county hospitals on the basis of a formula. The remaining $120,077 or 50 percent of these funds will be allocated by the DPH under a discretionary category. The formula allocation is based on the State Office of Statewide Health Planning and Development's uncompensated health care data, collected from all non-county hospitals statewide. Under State regulations all local non-county hospitals are entitled to a share of the formula allocation based on each hospital's level of uncompensated health care costs.

The 50 percent balance of $120,077 in CHIP discretionary funds are not required by State regulations to be allocated to all non-county hospitals. Therefore, the DPH has the discretion to allocate these funds to one or more non-county hospitals for the provision of health care services to indigent persons, as it deems appropriate. However, DPH intends to allocate the $120,077 by reimbursing all ten non-county hospitals and paying for the associated costs as follows:

Non-county Hospitals	$226,946
Professional Services Contract: Managed Care Solutions, Inc.	13,208 *
Total	$240,154

The ten non-county hospitals include (1) California Pacific Medical Center - California Campus, (2) California Pacific Medical Center - Pacific Campus, (3) Chinese Hospital, (4) Davies Medical Center, (5) Medical Center at the University of California, San Francisco, (6) Pacific Coast Hospital, (7) St. Francis Memorial Hospital, (8) St. Luke's Hospital, (9) St. Mary's Hospital and Medical Center and (10) University of California - San Francisco/ Mt. Zion.

In accordance with State regulations, the DPH has established an Emergency Medical Services (EMS) account and a New Contracts Physician Services account for the receipt and deposit of the CHIP Physician Services funds. Of the $651,627 allocated for Physician Services for FY 1996-97, $539,627 or approximately 82.8 percent would be deposited to the EMS account and $112,000, or 17.2 percent would be deposited to the New Contracts Physician Services account.

DPH reports that the total amount available in the EMS account for FY 1996-97 is $$539,627. Under DPH's proposed expenditure plan, the $539,726 would be expended as follows:

Physician Services	$485,664
Physician Contract Services:	
Managed Care Solutions, Inc.	53,963 *
Total	$539,627

The DPH advises that the total amount available in the New Contracts Physician Services account is $112,000. The DPH's proposed expenditure plan provides for the expenditure of the $112,000 as follows:

Physician Services	$59,371
Child Health and Disability Prevention Treatment Services	41,429
Physician Contract Services:	
Managed Care Solutions, Inc.	11,200 *
Total	$112,000

According to the DPH, the total amount available under the CHIP Other Health Services category for FY 1996-97 is $1,713,795. The DPH's proposed expenditure plan provides for the expenditure of the $1,713,795 as follows:

SFGH Indigent Care	$1,610,009
Physician Contract Services:	
Managed Care Solutions, Inc.	65,426 *
DPH Administrative Costs	38,360
Total	$1,713,795

* Total of $143,797 for Managed Care Solutions, Inc.

Comments:

1. Mr. Leong reports that the CHIP Expenditure Plan reflects the final FY 1996-97 CHIP allocation of $9,079,584, which is $62,310 more than the $9,017,274 amount approved in the DPH FY 1996-97 budget. Mr. Leong advises that the DPH will be submitting a supplemental appropriation request for

approval by the Board of Supervisors to appropriate these additional funds of $62,310.

2. The DPH advises that it would continue to contract with Managed Care Solutions, Inc., (formerly Medicus Systems Corporation) in a total amount of $143,797 for FY 1996-97(?) for the provision of fiscal intermediary services for the participating non-county hospitals and private physicians. These services include the receipt, processing and payment of claims in connection with the CHIP program. In addition to the fiscal intermediary services, Managed Care Solutions, Inc., would continue to be responsible for provider relations, information dissemination and data reporting, and would assist the DPH in the CHIP program management.

3. The proposed legislation refers to the "chairperson or duly authorized representative of the Board of Supervisors..." Based on an inquiry from the Budget Analyst, Mr. Delventhal of the City Attorney's Office advises that the language should be amended to read the "President or duly authorized representative of the Board of Supervisors..."

Recommendation: In accordance with Comment No. 3, amend the proposed resolution to read "President" instead of "chairperson" and approve as amended.

Item 8 - File 118-96-6

Department: Animal Care and Control

Item: Ordinance amending Health Code Sections 41.15 and 41.16 to increase the standard dog license fees and to increase dog license fees issued under special circumstances.

Description: Section 41.15 of the San Francisco Health Code establishes dog license fees charged by the Department of Animal Care and Control and provides guidelines for the issuance of standard dog licenses. Section 41.16 allows for reductions in the fees provided for in Section 41.15 under special circumstances: 1) if the dog has been neutered or spayed and 2) if the owner of a dog is 65 years of age or older.

Currently, under Section 41.15, the Department of Animal Care and Control charges a $12 fee for an annual dog license. The proposed ordinance would amend Section 41.15 to increase the dog license fees based on a multi-year fee schedule. Also, currently under Section 41.16, if a dog has been neutered or spayed, the dog license is 50 percent of the applicable fee or $6 annually; and if the owner of a dog is 65 years of age or older, the dog license fee is $2 annually. The proposed ordinance would amend Section 41.16 to increase the dog license fees for (a) both spayed and neutered dogs and (b) dog owners 65 years of age or older, based on a multi-year fee schedule.

Attachment 1, provided by the Department of Animal Care and Control, lists the existing dog license fees, the proposed dog license fees, and the proposed fee increases.

Comments: 1. According to Mr. Carl Friedman of the Department of Animal Care and Control, the Department has recently determined that current dog license fees do not fully cover the costs of the Department's issuance of dog licenses, and that, therefore, such fees should be increased. Mr. Friedman advises that the proposed fee increases were not requested in the Department of Animal Care and Control's FY1996-97 budget because the Commission of Animal Control and Welfare had not yet held public hearings and received public input about the proposed fee increases at the time the Department submitted its FY1996-97 budget to the Mayor.

2. The Department of Animal Care and Control has conducted a survey of dog license fees charged by 15 other jurisdictions. Attachment 2 is a list of the dog license fees charged by the 15 jurisdictions that were surveyed by the

Department of Animal Care and Control as compared to the proposed fees of the Department of Animal Care and Control. As shown in Attachment 2, the Department's proposed fees are still lower than the average of the surveyed jurisdictions.

3. According to Mr. Friedman, the proposed dog license fees are needed to recover the Department of Animal Care and Control's administrative costs. Mr. Friedman advises that dog license fees were last increased in 1992, and the new fees would be effective when the proposed ordinance is approved by the Board of Supervisors.

4. Ms. Valerie Stoupis of the City Attorney's Office advises to clarify the intended use of the funds generated from the issuance of dog licenses that the City Attorney will submit an Amendment of the Whole. Section 41.15 Part (c) of the proposed legislation will be amended to state that license fees will be used to defray the costs associated with the issuance of said licenses, including personnel costs. The unamended legislation does not specify that fees will be used for personnel costs associated with issuing the subject licenses. According to Ms. Stoupis, an Amendment of the Whole will be presented at the Budget Committee meeting of November 20, 1996.

5. Both the Tax Collector's Office and the Department of Animal Care and Control issue dog licenses and collect dog license revenue. The License Division of the Tax Collector's Office bills individuals for dog license renewals, issues dog licenses and mails license applications based on customer-initiated contacts. The Department of Animal Care and Control issues licenses on-site at its 1200 15th Street location.

In total, the Tax Collector's Office and the Department of Animal Care and Control collected $74,681 in dog license revenues in FY1995-96, according to Mr. Matthew Hymel of the Controller's Office. Mr. Friedman of the Department of Animal Care and Control and Ms. Anita Jin of the Tax Collector's Office estimate that an additional $4,632 in revenues will be generated based on the proposed fee increases, bringing the total annual dog license fee revenue to approximately $79,313.

6. As part of the Budget Analyst's April 1995 management audit of the Tax Collector's Office, the Budget Analyst recommended that animal licensing and the collection of licensing fees be performed by the Department of Animal Care and Control rather than both the Department of Animal

Care and Control and the Tax Collector's Office. Both the Tax Collector's Office and the Department of Animal Care and Control have expressed support for this recommended reorganization. According to Mr. Friedman, Mr. Richard Sullivan of the Tax Collector's Office, the Department of Animal Care and Control, and the Mayor's Office are currently discussing the implementation of the recommended reorganization. Mr. Friedman states that he will advise the Budget Committee on the current status of this matter at the Budget Committee Meeting of November 20, 1996.

Recommendation: Approve the proposed ordinance.

Department of Animal Care and Control
Proposed FY1996-97 Dog License Fees

Type of Dog License	Existing Fee	Proposed Fee[1]	Proposed Fee Increase
Standard License			
Unaltered Dogs			
1-year license	$12	$16	$4
2-year license	$24	$30	$6
3-year license	$36	$44	$8
Non-Standard Licenses			
Altered Dogs (spayed or neutered)			
1-year license	$6	$8	$2
2-year license	$12	$14	$2
3-year license	$18	$20	$2
Senior Citizens with Unaltered Dogs			
1-year license	$2	$8	$6
2-year license	$4	$15	$11
3-year license	$6	$22	$16
Senior Citizens with Altered Dogs (spayed or neutered)			
1-year license	$2	$4	$2
2-year license	$4	$7	$3
3-year license	$6	$10	$4

[1] The proposed fee structure provides an incentive to purchase a multi-year license.

ATTACHMENT 2

BAY AREA DOG LICENSE FEE COMPARISONS

AGENCY CITY/COUNTY	UNALTERED			ALTERED			Senior Citizen Discount
	1 Yr.	2 Yrs.	3 Yrs.	1 Yr.	2 Yrs.	3 Yrs.	
Alameda	$12.	$20.	$30.	$6.	$10.	$15.	Yes
Contra Costa	22.	41.	60.	11.	19.	17.	Yes
Fairfield	22.60	-	-	11.20	-	-	Yes
Fremont	20.	28.	34.	10.	14.	17.	No
Marin	20.	39.	57.	7.	13.	18.	Yes
Monterey	17.	27.	37.	7.50	12.50	17.50	Yes
Oakland AC	40.	70.	100.	10.	26.	26.	Yes
Palo Alto	20.	32.	44.	13.	16.	22.	No
Peninsula HS	21.	-	-	11.	-	-	Yes
Petaluma AC	20.	-	-	10.	-	-	No
Sacramento	20.	60.	60.	10.	20.	30.	No
Santa Clara	25.	-	-	10.	-	-	Yes
Santa Cruz	39.	-	-	12.	-	-	Yes
Sonoma	20.	-	-	10.	-	-	Yes
Vallejo	22.	-	-	11.	-	-	Yes
AVERAGE	$23.10	$39.60	$56.50	$10.	$15.55	$20.30	Yes
San Francisco	$12.	$24.	$36.	$ 6.	$12.	$18.	Yes
PROPOSED	**$16.**	**$30.**	**$44.**	**$ 8.**	**$14.**	**$20.**	**1/2 Price**

Note: - = multi-year licenses not sold.

doglicfees.doc/06/20/96

Item 9 - File 101-96-15

Note: This item was continued by the Budget Committee at its meeting of October 30, 1996

Department: Airport

Item: Ordinance appropriating $189,327,750 from proceeds of Airport Revenue Bonds, Issue 13 for capital improvement projects, capitalized interest costs and professional services.

Amount: $189,327,750

Source of Funds: Airport Second Series Revenue Bonds, Issue 13

Description: The Board of Supervisors previously approved a resolution approving the Airport's issuance of up to $192,700,000 of Airport Second Series Revenue Bonds, Issue 13 for the purpose of financing certain infrastructure improvements at the Airport (File 170-96-8). The bond sale is scheduled to occur on November 19, 1996.

The proposed ordinance would appropriate $189,327,750 in Airport Second Series Revenue Bonds for the purpose of financing infrastructure improvements, capitalized interest expenses and professional services.

Included in this request of $189,327,750 are nine capital improvement projects. The total cost of these nine projects is $152,157,848 as follows:

1. American with Disabilities Act (ADA) Improvements Phase II ($4,043,000)
2. On-call Pavement Overlay and Reconstruction ($1,148,000)
3. North Terminal Carpet Replacement ($1,715,000)
4. Plot 7E Parking Structure ($22,320,000)
5. Rental Car Facility at Lot D ($105,894,848)
6. Common Use Terminal Equipment ($887,000)
7. West Field Detention Basin ($6,900,000)
8. Replacement of Moving Walks Boarding Areas "E" and "F" Tunnels ($3,250,000)
9. BART Extension to the Airport ($6,000,000)

The Bond Interest Expenses (capitalized interest costs), totaling $18,334,131 represent the payment of debt service for revenue generating facilities (i.e., the Parking Structure at Plot 7E and the Rental Car Facility) prior to the completion of the overall capital improvement projects.

Professional services and related costs associated with the bond issuance are estimated by the Airport to cost $501,640. Mr. Dave Glasser of the Airport states that the Airport will use a financial team to provide financial advisors, bond counsel, airport consulting and trustee services. Members of this team were selected by the Airport through a competitive process, according to Mr. Glasser. The Attachment provided by the Airport lists the firms selected, the estimated contract amounts and the MBE/WBE status of the contractors.

Mr. Glasser advises that the current estimated interest rate for the projected $189,327,750 bond sale scheduled for November 19, 1996 is approximately 7.5 percent. According to Mr. Glasser, the total cost of the debt service for the $189,327,750 in Airport Second Series Revenue Bonds to be paid over a 30 year period would be approximately $489,484,414 based on an estimated interest rate of 7.5 percent. The average annual debt service would be approximately $16,316,147.

Budget: A summary budget is as follows:

Deposit to Construction Fund*	$170,491,979
Bond Interest Expense	18,334,131
Professional Services & Other Interest Costs	501,640
Total	$189,327,750

* The Deposit to the Construction Fund totals $170,491,979, which is $18,334,131 more than the $152,157,848 budgeted for the nine capital projects noted above. The $18,334,131 represents the capitalized interest costs to be included in the Deposit to Construction Fund.

The Attachment provided by Mr. Glasser contains an explanation and details for each of the proposed expenditures included in this request of $189,327,750.

Comments:

1. The Airport reports that it has not, as yet, selected the contractors to perform the necessary capital improvement project work. As such, the $152,491,000 in bond funds, earmarked for this purpose, should be placed on reserve pending submission of the contractors selected, the MBE/WBE status of the contractors and the contract cost details.

2. Mr. Glasser advises the above noted capital improvement projects are part of the Airport's on-going infrastructure

improvements and are not a part of the Airport's Master Plan.

Recommendations: 1. Amend the proposed ordinance to reserve $152,491,000 for the capital improvement projects, pending submission of the contractors selected, the MBE/WBE status of the contractors and the contract cost details.

2. Approve the proposed ordinance as amended.

Breakdown of Professional Service & Other Issuance Costs

	Estimated Contract Amount	Percent of Sub Total	MBE/WBE Status
Co- Financial Advisors			
Lazard Freres & Co	$104,000	27.26%	——
Grigsby Branford & Co.	$96,000	25.16%	MBE
Co Bond Counsel			
Orrick Herrington & Sutcliffe	$70,000	18.35%	——
Law Offices of Pamela Jue	$24,500	6.42%	WBE
Airport Consultant			
John F. Brown Company	$75,000	19.66%	——
Trustee			
Wells Fargo Bank	$12,000	3.15%	——
Subtotal	$381,500	100.00%	
Miscellaneous			
Printing/Mailing Official Statement	$40,140		
Rating Agency Fees	$80,000		
Total	$501,640		

Breakdown of Total Bond Costs

	Total	13A	13T
Gross Proceeds	$192,700,000	$58,461,092	$134,238,908
Deposit to Construction Funds	$169,556,110	$51,439,727	$118,116,383
Debt Service Reserve Fund	$19,270,000	$5,846,109	$13,423,891
Professional Services & Other Issuance Costs	$501,640	$152,187	$349,453
Appropriation Total	$189,327,750	$57,438,023	$131,889,727

Projects to be Funded From the Proceeds

Project Description	Amount
Americans with Disabilities Act Improvements Phase II	$4,043,000
On-Call Pavement Overlay and Reconstruction	$1,148,000
North Terminal Carpet Replacement	$1,715,000
Plot 7E Parking Structure	$22,320,000
Rental Car Facility at Lot D	$106,228,000
ARINC - Common Use Terminal Equipment	$887,000
West Field Detention Basin	$6,900,000
Replacement of Moving Walks Boarding Areas "E" and "F" Tunnels	$3,250,000
BART	$6,000,000
	$152,491,000 *

*The Difference between the deposit to the Construction fund and the project costs ($17,065,110) represents the capitalized interest costs.

Estimated Debt Service Costs

Par Amount of Bonds	$192,700,000
Interest Rate	7.50%
Term of Bonds (years)	30
Annual Debt Service Cost	$16,316,147
Total Debt Service Costs	$489,484,414

Contract 2349 II - Americans with Disabilities Act Improvements Phase II
Total Cost: $4,043,000

This is the second phase of a two-phase project that will bring the Airport into compliance with the Americans with Disabilities Act (ADA) requirements, which was signed into law in July 1990. The project will cover the remaining improvements not covered in previous phases, such as elevators, terminal drinking fountains and escalators.

Contract 3512 - On-Call Pavement Overlay and Reconstruction
Total Cost: $1,148,000

This contract will procure a contractor for pavement work on runways, taxiways, aprons, and roadways on an as-needed basis. This will avoid hasty negotiations for emergency work.

Contract 3568 - North Terminal Carpet Replacement
Total Cost: $1,715,000

This contract will replace worn-out and faded carpet at all 3 levels of the North Terminal. Signs of deterioration are already apparent in the existing carpet, which will need replacement by 1997.

Contract 5602 - Plot 7E Parking
Total Cost: $22,320,000

A new parking structure will be built on Plot 7E for tenants in the West Field area. The parking structure will have 6 floors and approximately 1,200 parking stalls. The building will be approximately 360,000 sq. ft.

Contract TBD - Rental Car Facility
Total Cost: $106,228,000

This project will build a new facility to house rental car firms at the Airport. Passengers will pick up and drop off their cars from one central location. This facility will generate a surplus revenues for the Airport.

Contract 3471- ARINC-Common Use Terminal Equipment
Total Cost: $887,000

An ARINC CUTE System will be installed in the existing International Terminal. The ARINC CUTE System will help alleviate congestion in the existing International Terminal. Carriers can be moved as needed along the check-in counters with these generic systems.

Contract 3487 - West Field Detention Basin
Total Cost: $6,900,000

This project will construct a new underground West Field drainage detention basin to replace the existing West Field detention pond. This project is required to provide more storage capacity to meet the State of California stormwater requirements.

Contract 3466 Replacement of Four moving Walks, B/A E & F Tunnels
Total Cost: $3,250,000

This project will replace four moving walks in B/A E & F tunnels. The Escalator and Transportation Division of Westinghouse, the original manufacture of the existing moving walks in tunnels "E" and "F", stopped manufacturing escalators and moving walks over eight years ago. The Airport Maintenance Department , for the past three years, has been spending about $20,000-$25,000 every quarter for repair work in order to keep them running. The existing walks have surpassed their useful life, breaking doen at an unaccepted rate. The down time is getting longer. Parts are scarce, and more often they have to be fabricated in-house.

The new moving walks will take about 10 months to a year to be fabricated and installed, and will require less than 10% of the existingrequired maintenance.

Contract TBD - BART Initial Design Costs
Total Cost: $6,000,000

This will pay for the initial design and engineering cost associated with the BART extension to the Airport.

issue13:kev

Item 10 - File 101-96-16

Department: Department of Public Works (DPW)

Item: Ordinance appropriating and rescinding $101,976 from State Gas Tax Fund monies, for the Mission Street Lighting capital improvement project.

Amount: $101,976

Source of Funds Reappropriation of Gas Tax surplus funds from various DPW street resurfacing projects that have been completed

Description: In June of 1996, the Board of Supervisors approved the Mission Street Lighting Project for a total project cost of $500,000, and reserved an amount of $400,000 pending the selection of a contractor, the MBE/WBE status of the contractor, and the submission of contractor cost details (148-96-3). The purpose of the Mission Street Lighting Project is to purchase and install 80 pedestrian level street lamps on Mission Street between 16th Street and 24th Street to (1) create a safer environment for pedestrians and transit users on Mission Street, by providing greater illumination, and (2) enhance the aesthetic image of Mission Street's retail area, in order to increase pedestrian traffic and transit ridership.

In August of 1996, the DPW requested the release of $400,000 in reserved funds (File 148-96-3.1). At that time, the DPW notified the Board of Supervisors that although the DPW originally estimated that the entire Mission Street Lighting Project would cost approximately $500,000, the DPW had since revised the cost of the project to $625,183, or $125,183 greater than the original estimate of $500,000, based on the awarded amount of the construction contract. In order to fund the shortfall of $125,183, the DPW identified the following funding sources: (a) $13,622 in savings from the 1972 Street Lighting Bond fund, (b) $9,585 in savings from the original planning grant for the Mission Street Lighting Project, and $101,976 in Gas Tax surplus monies from various street resurfacing projects.

The purpose of the proposed ordinance is to reappropriate the above-mentioned $101,976 in Gas Tax funds from various completed DPW street resurfacing projects to be used for the Mission Street Lighting Project. The complete budget for the Mission Street Lighting Project, including the subject $101,976 request, is as follows:

Budget:

Construction Contractor - Kingston Constructors Inc. (See Comment No. 1)	$535,640
Construction Contingency (10 percent)	53,564
DPW Construction Management Services (See Comment No. 2)	35,979
Total	$625,183

Comments:

1. As previously approved by the Board of Supervisors, on July 10, 1996, the DPW awarded the construction contract to Kingston Constructors Inc., for an amount of $535,640. Kingston Constructors Inc. is not a DBE/MBE/WBE firm. However, Kingston Constructors Inc. is subcontracting $182,060, or approximately 34 percent of its $535,640 contract to DBE and MBE firms as follows:

MBE Firm (4.9%)	
Marinship Construction	$26,060
DBE Firm (29.1%)	
Gilder Sleeve Electric, Inc.	156,000
Total Subcontractors	$182,060

2. As previously approved by the Board of Supervisors, the amount of $35,979 for the DPW's construction management services will be expended as follows:

Position	Hourly Rate	Total Hours	Total Amount
5275-Sr. Landscape Architect	$70.00	70	$4,900
5275-Landscape Architect	60.15	100	6,015
6318-Construction Inspector	60.15	200	12,030
5210-Sr. Civil Engineer	80.55	120	9,666
1314-Public Relations Officer	52.90	38	2,010
1372-Sr. Clerk Typist	33.94	40	1,358
Total		568	$35,979

3. Ms. Tina Olson of DPW advises that in order to prevent a delay in the implementation of the Mission Street Lighting Project, the DPW has expended $101,976 in Gas Tax monies which was previously allocated to current DPW street resurfacing projects. Therefore, approval of the proposed

ordinance would allow the DPW to reimburse the current street resurfacing projects in the amount of $101,976.

Recommendation: Approve the proposed ordinance.

Item 11 - File 101-96-19

Department: Port of San Francisco

Item: Supplemental Appropriation Ordinance appropriating $1,579,000 for various Port Commission Capital Improvement Projects for Fiscal Year 1996-97.

Amount: $1,579,000

Source of Funds: San Francisco Harbor Operating Fund

Description: The proposed supplemental appropriation request of $1,579,000 would be used by the Port to fund five capital improvement projects as follows:

Project	Amount
Income Property Improvements	
Pier 26 Annex	$65,000
Pier $1^1/_2$	125,000
Pier 50, Shed A (or alternate shed)	460,000
Agriculture Building	279,000
Subtotal	$929,000
Dredging	250,000
Pier 47A and Float	400,000
Total	$1,579,000

The proposed capital improvement projects are described as follows:

Income Property Improvements

Pier 26 Annex - $65,000

Mr. Ben Kutnick of the Port advises that this planned facility improvement project involves repairing and weatherproofing the wood and stucco exterior walls, which have deteriorated due to deferred maintenance. According to Mr. Kutnick, the planned renovation work will both protect existing office tenant revenues and generate new office space revenues from currently vacant space of approximately 13,000 square feet. Mr. Kutnick reports that without the subject repairs, the interior office space of the existing tenants would suffer damage and new tenants for the vacant space could not be attracted.

Revenue: Existing 12,000 s.f. rentable @ $0.38/mo. $54,720/yr.
New 14,000 s.f. rentable @ $0,38/mo. $63,840/yr.
Annual Revenue (new) as % of Cost; 98%
Payback period[1]: 12.2 months

Pier 1½- $125,000

The planned Pier 1½ facility improvement project involves repairing and weatherproofing wood and stucco exterior walls which have failed due to weather and deferred maintenance. According to Mr. Kutnick, without putting the premises into watertight condition, a new tenant for this vacant office space could not be attracted due to damage to interior tenant improvements that would result during rains.

Revenue: 6,300 s.f. rentable @ $1.20/mo. $90,720/yr.
Annual Revenue as % of Cost; 73%
Payback period: 16.5 months

Pier 50, Shed A (or alternate shed) - $460,000

Mr. Kutnick reports that there are four shed (warehouse) buildings at Pier 50, ranging in size from 82,000 to 92,000 square feet each. According to Mr. Kutnick, high market demand exists for smaller warehouse spaces of between 3,000 and 10,000 square feet each, with a small office area within. Mr. Kutnick advises that the Pier 50 site is the ideal Port site for subdividing a large facility. The work to be accomplished includes subdividing the space and building approximately 8,000 square feet of small offices within the four warehouses.

The Port would retain the option of subdividing a large warehouse at an alternate site should a large user commit to leasing Shed A.

Revenue: 76,500 s.f. (90% occupancy) @ $0.35/mo. $289,170/yr.
Annual Revenue as % of Cost; 62.8%
Payback period: 19.1 months

Agriculture Building- $279,000

The planned Agriculture Building facility improvement project involves (a) repairing and weatherproofing wood and stucco exterior walls which have failed due to weather and (b)

[1] "Payback period" is the amount of time required to recover property improvement costs through new or increased property rentals.

deferred maintenance. According to Mr. Kutnick, if the existing condition is not remedied, the deterioration will spread and potentially affect other leased space. In addition, the exterior exit stairway requires retrofitting.

Revenue:	Existing 6,677 s.f. rentable @ $1.49/mo. $119,385/yr.	
	New 4,772 s.f. rentable @ $1.60/mo.	$91,622/yr.
Annual Revenue as % of Cost;	Existing	43%
	New	33%
	Combined	76%
Payback period:	Existing	28 months
	New	36.5 months
	Combined	15.9 months

Dredging - $250,000

This project is for maintenance dredging at Port locations with maritime activities that require dredging to continue ongoing operations. According to Mr. Kutnick, the locations designated for dredging are important because Port revenue is dependent upon these facilities being able to accommodate docking vessels. The estimated total project cost is $480,000. $230,000 in Port operating funds have previously been appropriated for the contemplated work, resulting in this request of $250,000. The following is a list of the designated dredging locations and costs:

1. Pier 35 West, Pier 35 East - Dredging of Pier 35 East and West is necessary to accommodate the cruise ships that call at the Port during the summer season. Both sides need to be dredged because, at time, two cruise ships call simultaneously. Dredging at Pier 35 would provide the required depths of 30 feet (West) and 35 feet (East) for approximately one year. The total cost estimate for Pier 35 East ($242,200) and West ($92,600) is $334,800.

2. Pier 27 - Ships depositing newsprint cargo call at the Port approximately twice per month. Dredging at Pier 27 would provide the required depth of 32 feet for approximately two years. The cost estimate for Pier 27 is $73,500.

3. Pier 94-96 - These facilities require dredging to accommodate container vessels calling at the Port. Dredging at Piers 94/96 would provide the required depths of 40 feet (Pier 94) and 38 feet (Pier 96) for

approximately two years. The total cost estimate for Pier 94 ($24,400) and Pier 96 ($47,300) is $71,700.

Pier 47A and Float - $400,000

The Pier 47A reconstruction is an estimated $928,000 project, of which $528,000 would come from the U.S. Department of Transportation. Port funding of $400,000 would finance $122,000 for pier construction and $278,000 for a 30 foot by 60 foot float at the end of the pier, with an access ramp at the end of the reconstructed pier.

This project is to reconstruct Pier 47A which has become significantly deteriorated. The proposed construction would include installing new plastic-coated steel piles, building a new wooden deck, adding lights, ladders, a pier guard rail, a hand rail, and benches. The float portion of the proposed project would provide water level access to boats, including commercial fishing boats from the adjacent fish processing facility at Pier 45.

Comments:

1. The Port Commission authorized its Executive Director to enter into a contract with Dutra Construction Company. According to Mr. Kutnick, Dutra was the sole firm that responded to the Port's Invitation for Bids for the dredging work, in the amount of $400,000 in August of 1996. According to Mr. Kutnick, Dutra Construction Company is headquartered in San Rafael, California, and is not a minority- or woman-owned firm.

2. With the exception of the dredging project, the contractors have not, as yet, been selected to perform the necessary work in connection with the proposed capital improvement projects. Therefore, the proposed legislation should be amended to place $1,329,000 on reserve pending the selection of contractors, the MBE/WBE status of the contractors and the submission of budget details.

Recommendations:

1. In accordance with Comment No. 2 above, amend the proposed ordinance to place $1,329,000 on reserve for the non-dredging projects, pending the Port's selection of contractors, the MBE/WBE status of the contractors and the submission of budget details.

2. Approve the proposed ordinance as amended.

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Steve Agostini
Paul Horcher
Ted Lakey

MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

90.07

4/96

WEDNESDAY, DECEMBER 4, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:13 P.M.

RELEASE OF RESERVE

1. File 101-90-10.13. [Reserved Funds, Asian Art Museum] Consideration of release of reserved funds, Asian Art Museum (1990 Bond Sale of ESPI Asian Art Museum funding), in the amount of $619,891, for the purpose of funding the architectural and engineering services of the Department of Public Works for the renovation of the old Main Library. (Asian Art Museum)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Lyston Traye, Project Manager, Asian Art Museum. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. RELEASE OF $619,891 APPROVED. FILED.

   VOTE: 3-0.

BOND

2. File 170-96-9. [Geary Courtyard Revenue Bonds] Resolution approving the reissuance of not to exceed $18,000,000 aggregate principal amount of City and County of San Francisco Multi-Family Housing Revenue Bonds, 1988 Issue B; approving the amended and restated Lender Loan Agreement and Indenture of Trust; approving the amended and restated loan agreement; approving the first amendment to Regulatory Agreement and Declaration of Restrictive Covenants; approving the form of an amended and restated bond; ratifying previous actions; and authorizing the execution and delivery of documents and instruments. (Mayor's Office of Housing)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Mike Martin, Mayor's Budget Office; Joe LaTorre, Mayor's Office of Housing. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO DECEMBER 11, 1996, MEETING.

VOTE: 3-0.

FISCAL

3. File 101-96-18. [Appropriation, Retirement System] Ordinance appropriating $360,000, Retirement System, of Deferred Compensation Program revenue to salaries, fringe benefits, professional services, other current expenses and services of other departments for the Deferred Compensation Program for fiscal year 1996-97; providing for ratification of action previously taken. (Controller) RO #96109

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Clare Murphy, Executive Director, Retirement System. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARNIG HELD. AMENDED. RECOMMENDED AS AMENDED. Add a Section 3, placing $103,649 on reserve. AMENDED TITLE: "Ordinance appropriating $360,000, Retirement System, of Deferred Compensation Program revenue to salaries, fringe benefits, professional services, other current expenses and services of other departments for the Deferred Compensation Program for fiscal year 1996-97; providing for ratification of action previously taken. Placing $103,649 on reserve."

VOTE: 3-0.

4. File 101-96-21. [Appropriation, Trial Courts] Ordinance appropriating $1,066,500, Trial Courts, from the Court's Special Revenue Fund, for computer maintenance and professional services contracts to complete court automation projects in fiscal year 1996-97. (Controller) RO #96143

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Alan Carlson, Administrator for the Courts. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. QUESTION DIVIDED. APPROPRIATE $493,100 FOR SYSTEMS CONSULTING SERVICES. CONTINUE TO THE CALL OF THE CHAIR $573,400 for EQUIPMENT MAINTENANCE.

File 101-96-21. [Appropriation, Trial Courts] Ordinance appropriating $493,100, Trial Courts, from the Court's Special Revenue Fund, for professional services contracts to complete court automation projects in fiscal year 1996-97.

ACTION: RECOMMENDED.

VOTE: 3-0.

File 101-96-21.1. [Appropriation, Trial Courts] Ordinance appropriating $573,400, Trial Courts, from the Court's Special Revenue Fund, for computer maintenance contracts to complete court automation projects in fiscal year 1996-97.

ACTION: CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR.

VOTE: 3-0.

GENERAL

5. File 7-96-7. [Contracted Paratransit Services] Resolution approving a revised fare schedule for the San Francisco Municipal Railway's contracted paratransit services. (Public Transportation Commission)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Emilio Cruz, Director of Public Transportation, Municipal Railway; Annette Williams, Municipal Railway. IN SUPPORT: None. OPPOSED: August Longo; Jerry Clark; Tim Gillespie.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO DECEMBER 11, 1996, MEETING.

VOTE: 3-0.

6. File 172-96-39. [Shared Medical Systems Contract Amendment] Resolution authorizing the Director of Public Health and the Purchaser to execute an amendment to the contract between the City and County of San Francisco and Shared Medical Systems Corporation dated August 31, 1994. (Department of Public Health)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Dr. Sandra Hernandez, Director of Health, Department of Public Health, David Augustine, Office of the Mayor. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. On Page 1, line 23 replace "$4,305,851" with "$4,265,347".Add a further resolved clause to read: "That all future amendments to the Information System Agreement, regardless of the amount of the fiscal impact of the amendments, shall require approval by the Board of Supervisors."

VOTE: 3-0.

7. File 161-96-8. [Redevelopment Agency Quarterly Report] Hearing to consider the San Francisco Redevelopment Agency's Quarterly Financial and Performance Report for the first quarter of fiscal year 1996/97. (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Clifford Graves, Executive Director, S.F. Redevelopment Agency. IN SUPPORT: None. OPPOSED: None. NO POSITION: Ace Washington.

ACTION: HEARING HELD. FILED.

TIME MEETING ADJOURNED: 3:33 P.M.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 29, 1996

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: December 4, 1996 Budget Committee Meeting

Item 1 - File 101-90-10.13

Department: Asian Art Museum
Department of Public Works (DPW)

Item: Requesting release of reserved funds in the amount of $619,891 for the purpose of funding the architectural and engineering services of the Department of Public Works for the seismic strengthening and related renovation of the Old Main Library.

Amount: $619,891

Source of Funds: 1989 Earthquake Safety Program, Phase One Bond Proceeds

Description: The Asian Art Museum is a City-owned collection currently housed in Golden Gate Park. The City's electorate passed Proposition B in November of 1994 approving the issuance of General Obligation bonds in the amount of $41,730,000 for the purpose of seismically upgrading the Old Main Library ($39,167,240) and for other improvements, including access for disabled persons and meeting fire and building codes in order to make the Old Main Library building as a suitable site for the Asian Art Museum. As currently planned, the move of the Asian Art Museum to the Old Main Library at 200 Larkin Street is to occur in the latter part of the year 2000.

In September of 1990, the Board of Supervisors approved the first bond sale appropriation request of $18,927,166 for Phase I of the Earthquake Safety Program (File 101-90-10). Of the $18,927,166 approved, $6,756,266 was reserved, including $1,357,365 for the predesign study and design phases of seismic improvements to the old Main Public Library, which, as noted above, is to be renovated for purposes of having the Asian Art Museum relocate from Golden Gate Park to the Old Main Library in the Civic Center. The new Asian Art Museum will be known as the "Asian Art Museum at the Civic Center." The $1,357,365 was placed on reserve pending the selection of design and engineering consultants, the submission of budget details and the MBE/WBE/LBE status of the consultants.

In April of 1991, $346,705 was released for the predesign phase of the Old Main Library seismic upgrade project. Of the $346,705, $44,645 was for the Asian Art Museum for in-house staff management of the predesign phase and $302,060 was to partially fund the $324,550 contract with the engineering consulting firm Rutherford & Chekene, which developed several alternative seismic strengthening schemes. The remaining $22,490 of the $324,550 consulting contract was funded by previously appropriated Earthquake Safety Program, Phase Two Bond proceeds. The Board of Supervisors subsequently released an additional $36,990 to conduct the peer review of the seismic strengthening study and $37,191 for a modification contract concerning the seismic strengthening study, leaving a balance of $936,479 on reserve. The Asian Art Museum is now requesting the release of $619,891 for the purpose of funding the architectural and engineering (A/E) services of the Department of Public Works for the renovation of the Old Main Library.

According to Mr. Mark Dorian of DPW's Bureau of Architecture, all of the proposed A/E work is to be performed in-house by DPW Bureaus, with the exception of a portion of the work to be done on the 200 Larkin Street and 45 Hyde Street Environmental Hazards Management projects. All of the proposed work is related to the renovation of the Old Main Library for purposes of accommodating the new Asian Art Museum.

Mr. Dorian reports that the firm of Industrial Hygienists, Inc., working under the direction of DPW, Bureau of Construction Management, on an existing Master Service Agreement to provide hazardous material assessments, specifications, and construction monitoring, will perform some of the A/E environmental hazards work. According to Mr. Dorian,

Industrial Hygienists, Inc., is not a locally-owned firm, and is neither a minority- or woman-owned business enterprise.

Budget: Estimated budget details for the proposed architectural and engineering in-house and contractual services work for seismically strengthening and renovating the old Main Library are as follows:

Agency	Avg. Hourly Rate	Hours Per Project: 45 Hyde Street Environ. Hazards Management	200 Larkin Street Environ. Hazards Management	Cosmetic Damage Repairs	Selective Demolition	Cost Per Project
Bureau of Architecture	$67	69	355	1,280	1,487	$213,797
Bureau of Engineering	$67	8	143	299	299	50,183
Bureau of Construction Management	$64	0	78	1,238	1,228	162,816
Bureau of Construction Management	$64	80	336	78	20	32,896
As-Needed Consultant*	$70	442	1,710	0	136	160,160
Totals		599	2,622	2,895	3,170	$619,852
Total Project Costs		$38,540	$179,601	$192,050	$209,700	$619,852

*Industrial Hygienists, Inc.

The Attachment to this report provides additional budget details of the architectural and engineering expenditures to be incurred by DPW in connection with each of the four projects noted above.

Recommendation: Release funding in the amount of $619,891, as requested

Basic A/E Services Cost Proposal

45 Hyde St. Environmental Hazards Management

Objective:

- Free structure from environmental hazards.
- Remove asbestos containing building materials, lead dusts or coatings, fluorescent light tubes and ballasts and any other miscellaneous hazmat surveyed on site.

Proposed DPW Services:

- Perform record review of any existing hazmat surveys and reports
- Conduct on-site survey and inspection to identify and quantify all hazmat requiring removal prior to demolition
- Prepare survey report for both LBP and ACM
- Prepare specification/workplan for removal of hazmat
- Perform hazmat abatement and inspection services
- Provide final report of hazmat abatement activities for use by demo contractor

Assumed Construction Cost

The assumed construction cost is merely a preliminary figure used for proposal budgeting purposes only. Final construction scope and schedule will have an impact (up or down) on the cost of DPW services, particularly design and construction management costs.

Asbestos and Lead abatement including removal $335,700

Fee Schedule

Project Phase	BOA	BOE	BCM	BCM/SAR	Sub-Total
Project Control / Admin.	$3,500	$0	$0	$0	$3,500
Programming and Planning	$560	$500	$0	$6,500	$7,560
Design	$280	$0	$0	$6,750	$7,030
Abatement	$0	$0	$0	$17,890	$17,890
Close-Out	$280	$0	$0	$2,280	$2,560
Sub-Total	$4,620	$500	$0	$33,420	$38,540

Exclusions:

1. Fee estimates are preliminary based on incomplete site data.
2. Costs for Monitoring may need to be adjusted based on survey results.
3. Costs for actual abatement and disposal of LBP or ACM is not part of this proposal.
4. BOA fees include DPW in-house project control and administration
5. AAM to provide Project Management and other project control costs such as permit fees.
6. Additional A/E services can be provided upon request at a negotiated fee.
7. DPW to award the abatement contract from its as-needed consultant list with AAM approval.
8. AAM has the right to monitor the work on-site after proper training and equipment fitting.

Basic A/E Services Cost Proposal

200 Larkin St. Environmental Hazards Management

Objective:

- Provide alternative hazard abatement strategies to client.
- Implement preferred hazard abatement scope.
- Minimize hazardous materials impact on initial construction and long term facility O&M costs

Proposed DPW Services:

- Perform record review of any existing hazmat surveys and reports
    - Conduct on site survey and inspection to identify and quantify all hazmat providing alternative cost/benefit scenarios 1) Complete hazard abatement
    2) Only those hazmat present in areas affected by remodeling or seismic work
- Discuss scenarios with client, decide on work scope
- Prepare specification/workplan for removal of hazmat
- Advertise specification, review bids and award abatement job;
- Perform hazmat abatement and inspection services
- Provide final report of hazmat abatement activities for use by Asian Art Museum and other Contractors performing renovation work

Assumed Construction Cost

The assumed construction cost is merely a preliminary figure used for proposal budgeting purposes only. Final construction scope and schedule will have an impact (up or down) on the cost of DPW services, particularly design and construction management costs.

Asbestos and Lead Abatement including removal $1,055,840

Fee Schedule

Project Phase	BOA	BOE	BCM	BCM / SAR	Sub-Total
Project Control / Admin.	$9,750	$0	$0	$0	$9,750
Programming and Planning	$14,000	$4,800	$0	$18,931	$37,731
Design	$0	$0	$5,000	$15,675	$20,675
Abatement	$0	$0	$0	$100,210	$100,210
Closeout	$0	$4,800	$0	$6,435	$11,235
Sub-Total	$23,750	$9,600	$5,000	$141,251	$179,601

Exclusions:

1. Estimates are preliminary based on incomplete site data.
2. Costs for Monitoring may need to be adjusted based on survey results.
3. Costs for actual abatement and disposal of LBP or ACM is not part of this proposal.
4. BOA fees include DPW in-house project control and administration
5. AAM to provide Project Manegement and other project control costs such as permit fees.
6. Additional A/E services can be provided upon request at a negotiated fee.
7. DPW will award abatement contract from its list of as-needed contractors with AAM approval.

Basic A/E Services Cost Proposal

200 Larkin St. Earthquake Damage Cosmetic Repairs

Objective:

- To complete Phase 3 of earthquake damage repairs to exterior and interior finishes.
- To coordinate a formal end to the FEMA/OES undertaking after completion of repairs.

Proposed DPW Services:

- Obtain client approval and funding for scope of work in Phase 3 repairs.
- Revise BOA's construction documents to separate Phase 2 work from Phase 3 work in the drawings.
- Consult with BOA's consulting Preservation Architect to develop construction details or specification for the repairs.
- Obtain a building permit if needed.
- Prepare contract documents and advertise the project.
- Act as the contracting agency for the construction contract.
- Provide construction management and inspection services.

Assumed Construction Cost

The assumed construction cost is merely a preliminary figure used for proposal budgeting purposes only. Final construction scope and schedule will have an impact (up or down) on the cost of DPW services, particularly design and construction management costs.

Exterior Cosmetic repairs	$350,000
Interior Cosmetic Repairs	$800,000

Fee Schedule

Project Phase	BOA	BOE	BCM	BCM/SAR	Sub-Total
Project Control / Admin.	$12,050	$0	$0	$0	$12,050
Programming and Planning	$15,000	$20,000	$0	$0	$35,000
Design	$50,000	$0	$5,000	$0	$55,000
Construction	$10,000	$0	$75,000	$5,000	$90,000
Sub-Total	$87,050	$20,000	$80,000	$5,000	$192,050

Exclusions:

1. Extent of repairs to be coordinated with AAM's Architect Consultant
2. BOA fees include DPW in-house project control and administration
3. FEMA scope eligibility subject to SHPO review and approval
4. No guarantee is expressed or implied that scope will meet approval of reviewing agencies
5. AAM to provide Project Manegement and other project control costs such as permit fees.
6. Additional A/E services can be provided upon request at a negotiated fee.
7. AAM to provide a historic architect consultant.
8. AAM to award the construction contract.

Basic A/E Services Cost Proposal

200 Larkin St. Selective Demolition

Objective:

- To develop a selective building demolition plan building elements to be removed from the site.
- Implement demolition plan while keeping some historic finishes in the building
- To identify building elements with salvage value to the AAM or the City.

Proposed DPW Services:

- Use as a guide the Building Evaluation Study prepared by the Consulting Preservation Architect to identify which elements to be removed are historically significant.
- Perform a building survey to include but not be limited to architectural, mechanical, electrical, fixture, furnishings, cabinetry and art work which would be considered obsolete or out of character for the seismic upgrade and renovation project.
- Develop a preliminary demolition plan for initial comment and review.
- Consult with the Art Commission and the Landmarks Advisory Board to insure that the demolition scope represents a realistic and sensitive solution to the historic and decorative features of the building an is in compliance with the provisions of the Environmental Impact Report approved by the City.
- Obtain client and reviewing agency approvals
- Advertise the project.
- Provide construction management and inspection services

Assumed Construction Cost

The assumed construction cost is merely a preliminary figure used for proposal budgeting purposes only. Final construction scope and schedule will have an impact (up or down) on the cost of DPW services, particularly design and construction management costs.
Interior demolition as determined by AAM approved Schematic Design $1,069,600

Fee Schedule

Project Phase	BOA	BOE	BCM	BCM / SAR	Sub-Total
Preoject Control / Admin.	$14,700	$0	$0	$0	$14,700
Programming and Planning	$10,000	$20,000	$0	$5,000	$35,000
Design	$60,000	$0	$5,000	$0	$65,000
Construction	$15,000	$0	$75,000	$5,000	$95,000
Sub-Total	$99,700	$20,000	$80,000	$10,000	$209,700

Exclusions:

1. No scope defined as of the date of the proposal
2. Fees must be revised to reflect true scope of demolition based on client approved schematics
3. All fee estimates are preliminary and are shown only for budgeting purposes
4. No guarantee is made explicit or implied that demolition scope will meet reviewing agency approval.
5. AAM to provide Project Manegement and other project control costs such as permit fees.
6. Additional A/E services can be provided upon request at a negotiated fee.
7. AAM to award the construction contract.

Item 2 - File 170-96-9

Note: This report is based on an Amendment of the Whole dated November 18, 1996.

Department: Mayor's Office of Housing

Item: Resolution (1) approving the reissuance of not to exceed $18,000,000 aggregate principal amount of City and County of San Francisco Multifamily Housing Revenue Bonds (1988 Issue B); (2) approving the amended and restated lender loan agreement and indenture of trust; (3) approving the amended and restated loan agreement; (4) approving the first amendment to regulatory agreement and declaration of restrictive covenants; (5) approving the form and an amendment to construction and permanent deed of trust with assignment of rents and fixture filing; (6) approving the form of an amended and restated bond; (7) ratifying previous actions; and (8) authorizing the execution and delivery of documents and instruments.

Amount: Up to $18,000,000

Source of Funds: City and County of San Francisco Multifamily Housing Revenue Bonds

Description: Mr. Joe LaTorre of the Mayor's Office of Housing reports that the Geary Courtyard Project (the "Project") is an existing 164-unit apartment building located at 623 Geary Street (between Leavenworth and Jones Streets). Construction of the Project was initiated in 1988 and completed in 1990. Twenty percent of the Project's rental units, or approximately 33 units, are reserved for low-income households at specified rents affordable to that income level. Attachment I, which is a memo from Mr. LaTorre, provides background and other pertinent information on the proposed Project. According to Mr. LaTorre, the reason that the bonds are being reissued is to improve the financial stability of the Project.

As stated in the proposed resolution, the City and County of San Francisco issued tax exempt Multifamily Housing Revenue Bonds, 1988 Issue B (Geary Courtyard Project) (the "Bonds"), in accordance with a Lender Loan Agreement and Indenture of Trust between the City, Capital Realty Investors Tax Exempt Fund III Limited Partnership (the "Prior Bondholder"), and Bankers Trust Company of California, National Association, as succeeded by First Trust of California, National Association, as trustee (the "Trustee"). The Bonds were issued in the amount of $18,000,000 on

August 1, 1988, and were sold on that date to the Prior Bondholder. According to Mr. LaTorre, the proceeds from the Bond sale amounted to $18,000,000, which was also the amount of the loan to the Developer.

The City used the Bond proceeds to make a loan (the "Loan") to Geary Courtyard Associates, a California Limited Partnership (the "Developer"), pursuant to a Loan Agreement between the City, the Developer, and the Prior Bondholder, dated August 1, 1988, to provide financing for the "Project."

As a result of payment delinquencies on the Bonds by the Developer, an affiliate of the Prior Bondholder, who is to become the New Bondholder, namely Capital Realty Investor Tax Exempt Fund Ltd., became the general partner of the Developer in 1991, according to Mr. LaTorre. Further, Capital Realty Investor Tax Exempt Fund Ltd. (the "New Bondholder") intends to acquire the Bonds from the Prior Bondholder (Capital Realty Investors Tax Exempt Fund III Limited Partnership), through a merger transaction with the Prior Bondholder.

According to the proposed legislation, the New Bondholder, at the time of its acquisition of the Bonds, intends to take the following actions:

a. Forgive the Developer and forever discharge all interest on the Bonds (other than Construction Period Deferred Base Interest) which was not paid when due and request that the City forgive the Developer and forever discharge all corresponding unpaid interest accrued on the Loan.

b. Delete all provisions pertaining to the payment of Contingent Interest from the Bonds, the Lender Loan Agreement and Indenture of Trust and the Loan Agreement, amend the interest rate on the Bonds to a rate which floats with the PSA (Public Securities Association) Index, and provide for the payment of interest on the first day of each month.

c. Eliminate all provisions of remarketing[1] from the Bond documents and extend the maturity date of the Bonds by 10 years to a date not later than December 1, 2018. The current maturity date of the Bonds is December 1, 2008.

[1] According to Mr. LaTorre, remarketing of bonds is the purchase of bonds by a designated remarketing agent from an existing bondholder and, in turn, the sale of those bonds to other investors.

d. Reduce the principal amount of the Bonds by $1,000,000, from $18,000,000 to $17,000,000, and add to such reduced principal amount of the Bonds and the Loan all unpaid Construction Period Deferred Base Interest owed by the Developer to the Prior Bondholder that has accrued as of the date the New Bondholder acquires the Bonds. As of the writing of this report, the amount of unpaid interest being added to the face value of the bonds is $693,865.

e. Convey the Bonds to US Trust Company of New York, as trustee of several newly-formed New York business trusts. In a secondary market transaction, the trustee intends to (a) place the Bonds in one of the New York business trusts with other multifamily housing revenue bonds issued by other issuers; (b) issue trust certificates representing interests in such pool of bonds held by the trusts to investors pursuant to a private placement; and (c) credit enhance the trust certificates with a letter of credit.

According to the proposed legislation, approval of the proposed resolution would cause the City to take the following actions:

a. Extend the term of the "Regulatory Agreement and Declaration of Restrictive Covenants"[2] from 2008 to 2018;

b. As the "applicable elected representative" of the City under Section 147 (f) of the Internal Revenue Service Code, the Board of Supervisors would approve the reissuance, execution and delivery of the Bonds to satisfy the public approval requirements of Section 147 (f) of the Code;

c. Approve the form of the Amended and Restated Loan Agreement submitted to the Board of Supervisors, with such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

d. Approve the form of the First Amendment to the Regulatory Agreement and Declaration of Restrictive Covenants submitted to the Board of Supervisors, with

[2] According to Mr. LaTorre, an agreement between the City and the Developer imposing certain requirements on the Developer.

such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

e. Approve the form of the Amendment to Construction and Permanent Deed of Trust with Assignment of Rents and Fixture Filing submitted to the Board of Supervisors, with such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

f. Approve the form of the Amended and Restated Bond submitted to the Board of Supervisors, with such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

g. Approve, confirm, and ratify all actions heretofore taken with respect to the Bonds by officials, employees, or agents of the City;

h. Further authorize any City official authorized by this proposed resolution, including the Mayor or the Mayor's designated representative, to execute any document in consultation with the City Attorney, and to approve and make such changes, additions, amendments or modifications to the document or documents as may be necessary or desirable, provided that such changes do not authorize an aggregate principal amount of Bonds in excess of $18,000,000;

i. Authorize the Clerk of the Board of Supervisors, the City Treasurer, the City Administrator, the Controller, the Mayor's Office of Housing, and the City Attorney to take any and all steps and to execute and deliver any and all certificates, requisitions, agreements, notices, consents, and other documents which such officials might deem necessary or appropriate in order to effect the provisions of the proposed resolution.

Comment: As previously noted, Attachment I to this report is a memorandum from Mr. LaTorre providing background information of the Geary Courtyard Project and other pertinent information on the proposed Bond reissuance. Attachment II is a memorandum from Mr. LaTorre responding to inquiries made by the Budget Analyst concerning this proposed legislation.

Summary:

1. According to the Mayor's Office of Housing, the purpose of this proposed legislation, which would authorize the reissuance of up to $18,000,000 in City and County Multifamily Housing Revenue Bonds, is to improve the financial stability of the Geary Courtyard Project, a 164 unit apartment building at 623 Geary Street.

2. The City issues tax-exempt housing revenue bonds, as an accommodation to private developers, in order to facilitate the financing of housing projects that include such socially desirable policies as reserving a percentage of the rental units for low-income households. With respect to the subject Project, Mr. LaTorre reports that under the terms of the City's regulatory agreement, 20 percent of the units, or approximately 33 of the 164 apartment units in the 623 Geary Street Courtyard Project, are required to be rented to low-income households at specified rents affordable to that income level.

3. As reported by Mr. LaTorre, the City is not a party to the development of the Project. The City is acting as a conduit for purposes of the developer obtaining tax-exempt financing. With respect to the City's exposure to financial risk in the proposed bond reissuance, Ms. Catherine Payer of the City Attorney's Office advises that the City is only obligated to make payments to the Bondholder to the extent that the Developer makes such payments to the City. According to Ms. Payer, the City would not incur any liability as a result the proposed legislation and the related project, unless the City or the Trustee failed to comply with standard securities and tax requirements, or the Bond Indenture.

4. As reported by Mr. LaTorre, the benefits to the Developer in having the City issue tax-exempt bonds to finance the Project are obtaining (1) a lower interest rate on the Bonds than could normally be obtained through conventional financing (typically a reduction of 1.5 to 2 percent), (2) financing which covers both the construction period and permanent period[3], instead of just one or the other and (3) financing during the long-term permanent period (20 to 40 years depending on the bond term) instead of the conventional market term of the ten years or less for this type of project. For this project, Mr. LaTorre estimates that the interest rate at the time of issuance will be 7 percent instead of approximately 9 percent.

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[3]According to Mr. LaTorre, the permanent period is the period in the Project's life following construction.

Mr. LaTorre further advises that the City benefits from the proposed reissuance of the Bonds because the Internal Revenue Code requires that at least 20 percent of the units be restricted to low-income rents and a low-income occupancy for the life of the bonds, or for at least ten years if the bonds are called by the Trustee.

5. Under the terms of the proposed Lender Loan Agreement, the City would forgive and forever discharge all unpaid and owed interest to the City. However, this is a technicality because the City acts only as a conduit for receiving the bond payments and therefore the City is not owed any interest, other than the amounts to be received by the City and then payable to the bondholder.

6. The current Project is generating insufficient cash flow to cover debt and other expenses because, according to Mr. LaTorre, operating expenses have risen faster than rents. Mr. LaTorre further advises that the cash flow projections made by the Developer for the City at the time of the project approval in 1988 projected sufficient rents in excess of expenses. According to Mr. LaTorre, the City relied on the Prior Bondholder's assertion in 1988 that it (the Prior Bondholder) had received from the Developer complete information as to the cash flow and risks entailed in the project.

7. As of the writing of this report MOH has not performed a detailed financial analysis of the proposed Project. However, Mr. LaTorre reports that "Although cash flows are represented to still be negative, we have been told by the Swiss Bank and the Zurich Bank that the level is acceptable to the credit enhancement provider." Mr. LaTorre further advises that in the case of Bonds which are credit-enhanced (usually by a letter of credit) and credit-rated, assessing the financial viability of the project is the responsibility of the letter of credit provider, the Swiss Bank and the Zurich International (Bermuda) Ltd., which bears any credit risk from the project. The Geary Courtyard bonds were privately placed with Capital Realty Investors Tax Exempt Fund III Limited Partnership, which performed the financial analysis because the risk was borne by Capital Realty Investors Tax Exempt Fund III Partnership.

8. According to Mr. LaTorre, there are two other outstanding multifamily housing revenue bond issue projects which are experiencing difficulties, namely, the City's 1985, $2,600,000 Multifamily Housing Revenue Bonds for Aspen South Hills, located in Hunters Point, and the City's 1988A, $21,500,000

Multifamily Housing Revenue Bonds for Sutter/Post Apartments located at 840 Post Street. According to Mr. LaTorre, if requested by the project owners, the MOH will be submitting legislation pertaining to those two projects which will be similar to this subject legislation.

9. According to Mr. LaTorre, the proceeds from this proposed bond reissuance would be used to redeem the full amount of the outstanding 1988 by payment of $17,000,000, and to pay the Construction Period Deferred Base Interest in the amount of $693,865 owed the Prior Bondholder by the Developer.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

November 22, 1996

TO: Stan Jones, Budget Analyst

FROM: Joe LaTorre

SUBJECT: Geary Courtyard Revenue Bonds Resolution
File No. 170-96-009

I am providing the following information to assist you in your analysis of the proposed resolution referenced above.

The Project

The project is an existing 164-unit apartment building located at 623 Geary Street. It was financed by the issuance of housing revenue bonds in 1988 in the amount of $18,000,000 (which are being re-funded in the current transaction), and completed in 1990. Under the terms of the City's regulatory agreement, 20% of the units are required to be rented to low-income households at specified rents affordable to that income level.

The Proposed Restructuring

The current holder of these bonds is a real estate investment trust, which was also a financial partner in the original development entity. Since about 1991, the project has not been covering debt service, and control of the partnership passed to the bondholder at that time. The development owner and bondholder are currently proposing to forgive the accrued interest on the loan and the bonds, and to transfer the bonds into a trust composed of about twenty similar projects. The trust would be credit enhanced, and the trust certificates sold to investors. For the City, the stability of the financing is improved through the credit enhancement. Although the City's bonds are not directly credit enhanced, the enhancement of the trust means that the investors will have no reason to seek redemption of the bonds and a recourse for nonpayment.

Why Action by the Board of Supervisors is Required

In the past, transfer of bonds and provision of credit enhancement did not normally require an action of the Board of Supervisors, since the original resolution and bond documents contemplated such actions. However, we are advised by the developer and bond counsel that new IRS regulations, as of September 23, 1996, direct that addition of credit

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enhancement be treated as a technical reissuance of the original bonds. Since reissuance requires the consent of the City as issuer.

Interest Rate on the Bonds

The bonds are variable rate bonds, reset on a weekly basis. In recent weeks, the rate has been approximately 4.5%. This will remain unchanged in the reissuance.

Cost of Redemption and Cost of Reissuance

The developer is also paying all costs of both the redemption and the reissuance transaction, including bond counsel and financial advisor fees, the City Attorney fees, and an Issuer's Fee to MOH for our administrative costs. The issuer fee will be deposited into the Housing Program Fees Fund as established by Section 10.117-100 of the Administrative Code, and will be expended as provided in the Code.

Fiscal Cost to the City

The issuance of tax-exempt housing revenue bonds is done by the City as an accomodation to private developers. No City funds of any kind are advanced in the transaction, and the City's faith and credit is explicitly not pledged for payment of the bonds or for any other purpose. The bondholders are made aware that their guarantee of repayment is solely the revenues of the project. Therefore, the City has not incurred and will not incur any fiscal cost as a consequence of either the original bond issuance or the reissuance.

Specific Advantages to the City

As a part of the proposed transfer of the bonds to the new bondholder, credit enhancement is being provided to secure payments of interest and principal to the bondholder. From the City's point of view, the stability of the financing and of the overall project is improved through the credit enhancement. Also as a part of the restructuring, the owners have agreed to extend the affordability requirements on the 20% affordable units from their current "later of" 10 years after completion (1998) or the maturity of the bonds (2008) to the later of 2011 or the new maturity date of the bonds (2018). Thus, if the bonds are paid off early, the City has gained 13 years of affordability; if the bonds reach maturity the City gains 10 years.

Consequences if the Resolution is not Approved

In addition to losing the enhanced affordability, the principal consequence is the risk of project default. At the project's current income level, the project is showing a negative

Memo re Geary Courtyard
November 22, 1996
Page 3

cash flow. This creates an incentive for the developer to undermaintain the property, to default on the bond loan, and to seek release of the affordability restrictions at the earliest possible date. The reissuance and provision of credit enhancement will guarantee payments on the bonds, and the credit enhancer will enforce maintenance and other requirements. Therefore, the project will be stabilized and the risk of default will be reduced.

Please let me know if you have any further questions. I can be reached at 252-3188.

FAX TRANSMISSION MEMORANDUM

MAYOR'S OFFICE OF HOUSING

NUMBER OF PAGES (INCLUDING COVER SHEET): 5
IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL (415) 252-3188

November 25, 1996

TO: Stan Jones

FROM: Joe LaTorre

SUBJECT: Geary Courtyard Bonds
File No. 170-76-9
Responses to your Questions as of 11/25/96

Q. 1 (forgiveness)

Unpaid interest is owed to the City under the Loan Agreement; however, all payments received under the Loan Agreement are in turn pledged to be paid to the bondholders (i.e. the City is simply a conduit). Because the bondholder is willing to forgive the interest, the City is in turn being asked to forgive the interest owed to it under the Loan Agreement. The City receives no consideration since it is not owed any amounts other than the pledged revenues.

Q. 2 (City's financial interest)

The City is not a party to the project (i.e. the development itself), but only as a conduit for tax exempt financing. As mentioned above, the City's pledge consists solely of the principal and interest payments received under the Loan Agreement from the developer. The City has no other financial interest other than receipt of its fee as administrator of the bond issue. The City's faith and credit is not pledged to payment on these bonds.

Q. 3 (cash flow projection)

MOH has been provided with representations made by the developer to the bondholder (United States Trust) regarding the current and post-transaction cash flows of the project. My fax copy of this information is marginally legible; I have attached a copy for your files which I hope is readable. However, we have not analyzed the accuracy of these representations and do not make any recommendation as to approval or disapproval of the transaction based on these representations.

Q. 4 (benefits of tax-exempt bond issuance)

Under the Internal Revenue Code, the City issues tax exempt bonds and lends the

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Memo to Stan Jones
November 25, 1996
Page 2

proceeds to the developer. The developer benefits from an (1) interest rate on the bonds and loan which is lower than conventional financing (typically by 1.5-2%), (2) financing which covers both construction and permanent periods, and (3) financing which is long-term (twenty to forty years depending on the bond term). The bondholder benefits by holding tax-exempt bonds. The City benefits because the tax code requires that at least twenty percent of the units be restricted to low-income rents and occupancy for the life of the bonds, or for at least ten years.

Q. 5 (insufficient cash flow)

The project is generating insufficient cash flow because, for the last six years since the project was completed, operating expenses have risen faster than rents. The cash flows presented to the City at the time of project approval in 1988 projected rents rising faster than expenses, so that, within a short time after completion, the project would experience increasing net income. As with other tax-exempt housing bonds, the City did not conduct extensive analysis and underwriting of the developer's proforma. In the case of bonds which are credit enhanced (usually by a letter of credit) and credit rated, this is the responsibility of the letter of credit provider, who bears the risk. The Geary Courtyard bonds were privately placed with CRITEF, which did this analysis because they bore the risk in this case.

Q. 6 (proposed principal reduction)

It is the City's understanding that the reduction of the principal amount is being carried out to bring the overall debt within a targeted carrying capacity of the project. Although cash flows are represented to still be negative, we have been told that the level is acceptable to the credit enhancement provider. The reduction will not have any effect on the City, since both bond principal and loan principal are being reduced in like amounts.

Q. 7 (other bond issues)

There are two other outstanding multifamily housing revenue bond issues which MOH is aware are experiencing difficulties. The City's 1985 $2,600,000 Multifamily Housing Revenue Bonds (Aspen South Hills) is an FHA insured deal. The project has been experiencing negative cash flows. To date, the developer has been using non-project funds to cover the operating deficit and make debt service payments. Several months ago, MOH met with the developer to discuss possible restructuring of the issue, including reissuance of the bonds. The developer is currently studying its alternatives and will be recontacting the City before the end of the year.

Memo to Stan Jones
November 25, 1996
Page 3

The other project experiencing difficulties is that funded by our 1988A $21,500,000 Multifamily Housing Revenue Bonds (Sutter/Post Apartments). Due to cash flow difficulties and the expiration of the letter of credit in 1994, both the project and the bonds were sold to a new entity, which has since transferred title to both to Bay Apartment Communities. In the absence of a letter of credit, the City has required that the bonds be held by one entity which qualifies as a "sophisticated investor" and is fully aware of the risks and liabilities of the transaction. Bay Apartment Communities is required to secure a letter certifying any potential acquirer of the bonds to be such a "sophisticated investor."

Bay Apartment Communities has proposed to secure credit enhancement of the bonds from Fannie Mae. MOH is currently negotiating with Bay and Fannie Mae to effect this transaction. If terms are reached, the restructuring will constitute a reissuance and, as such, be subject to the approval of the Board of Supervisors. Should mutually acceptable terms not be reached, the project will continued to be owned by Bay Apartment Communities and the bonds by either Bay or a qualified "sophisticated investor."

Q. 8 (CRITEF entities)

It is our understanding that the transfer between CRITEF, Ltd. and CRITEF III Limited Partnership is being carried out in order to facilitate transfer of the bonds to another (unrelated) entity, United States Trust Company. We understand the partnership structure of the current bondholder is being dissolved.

Q.9 (resale and reissuance)

In the present transaction, the reissued bonds will be sold to United States Trust Company. The proceeds of the sale will simultaneously be paid to the trustee, First Trust California, which will use the funds to redeem the outstanding 1988 bonds by payment to that bondholder (CRITEF).

Q. 10 (loan amount; bond counsel costs)

The maximum amount eligible for reissuance under the tax code is $18,000,000, the amount of the outstanding bonds. The $1 million reduction of the principal amount of the loan and bonds is addressed in question 6 above. The amount of $693,865 being added to the loan amount represents accrued and unpaid construction period base interest, which is eligible for inclusion under the tax code. The planned actual amount of the bond issuance will be $17,693,865. CRITEF is paying the bond counsel fee, financial advisor fee, City attorney expenses and other costs of issuance to the bond trustee directly at the close of the bond transaction.

Memo to Stan Jones
November 25, 1996
Page 4

Q. 11 (legal default)

As noted in question 2, the City's obligation consists only of paying amounts collected under the Loan Agreement to the bondholder; consequently, the City cannot be in a payment default. Because the bonds and project are owned by the same entity, the bondholder has not chosen to declare a default for nonpayment of interest, since such a default would automatically accelerate the loan and cause it to become immediately due. To the best of our knowledge, the City has fulfilled all of its obligations under the Lender Loan Agreement and other documents to which the City is a party.

Q. 12 (change in interest rate)

The interest rate under the current bonds consists of a base rate of 9.085% and a contingent interest additional amount which depends on project performance. The proposed structure calls for a variable rate interest, and future interest may therefore be higher or lower than the current rate. As of the October 16, the new interest rate formula yielded an interest rate of 7%, representing a savings over the current rate.

Q. 13 (ownership)

The land and building are owned by Geary Courtyard Associates, a limited partnership. The general partner of Geary Courtyard Associates is currently CAPREIT of Geary Courtyard, Inc. a CRITEF affiliate.

Q. 14 (amended and restated bond)

The Amended and Restated Bond is the text of the actual bond which the City will issue, for the entire amount of the issuance.

Item 3 -File 101-96-18

Department: Employees Retirement System (ERS)

Item: Supplemental appropriation ordinance for salaries, fringe benefits, professional services, other current expenses and services of other departments for the Deferred Compensation Program for Fiscal Year 1996-97; providing for ratification of action previously taken.

Amount: $360,000

Source of Funds: Deferred Compensation Program Revenue (See Comment No. 3)

Description: The City's Deferred Compensation Program provides an opportunity for employees to defer up to $7,500 of wages per year from current Federal Income Taxes under the terms of Internal Revenue Service (IRS) Code Section 457. The plan is comparable to 401k plans provided to private sector employees.

In accordance with Administrative Code Section 16.320, the Retirement Board is responsible for the administration of the City's Deferred Compensation Program and is authorized to contract with an independent contractor to administer the Plan. San Francisco Administrative Code Section 16.326 states that the costs incurred in administering the City's Deferred Compensation Plan shall be borne by the City, the participants or by the Deferred Compensation Plan administrator appointed by the Retirement Board.

The proposed supplemental appropriation would fund the administrative costs incurred by the City's Deferred Compensation Plan for the period retroactive from January 1, 1995 through June 30, 1997, a period of 2 1/2 years. The Employees Retirement Board has retained the services of the ITT Hartford Corporation to administer the City's Deferred Compensation Plan.

Budget: Attachment I to this report details the requested expenditures shown below:

Permanent Salaries (existing positions)	$104,670	
Fringe Benefits	22,443	
Subtotal		$127,113
Professional Services		160,714
Other Current Services		3,000
Services of Other Departments		
City Attorney's Office		14,727
Information Service Division (ISD)		54,446
Total		$360,000

Attachment II to this report, prepared by the Employees Retirement System, details the hours and hourly rates for the Professional Services, the City Attorney's Office and the ISD expenses.

Comments: 1. Of the $160,714 requested for Professional Services, no details have been provided for $103,649. According to Ms. Clare Murphy of the Employees Retirement System, such details have not been provided because a contractor has not yet been selected. Therefore, the $103,649 amount requested for Professional Services should be placed on reserve, pending the selection of the contractor, the MBE/WBE status of the contractor and other pertinent financial information regarding the selected contractor.

2. According to Ms. Murphy, certain administrative costs incurred by the Employees Retirement System, as are being requested under this proposed legislation, have historically been paid by the City from the San Francisco Employees Retirement System Trust Fund (the Trust Fund). However, Ms. Murphy reports that the City Attorney advised the Retirement Board that Trust Fund revenues may no longer be used to pay for the administrative costs of the City's Deferred Compensation Program. Approval of this ordinance would enable the reimbursement of $203,708 in administrative costs of the Deferred Compensation Program, which has been previously paid from the Trust Fund.

3. Deferred Compensation Program Revenue, which is the source of funds for the proposed supplemental appropriation ordinance, is comprised of participant fees from City employees who participate in the City's Deferred Compensation Program and by contributions made by ITT Hartford, the Plan administrator. In 1995, based on administrative expenses of $135,000, $100,000 of revenue was provided from participant City employee fees which was taken from investment returns and $35,000 from ITT Hartford. For 1996, ITT Hartford has agreed to contribute a total of $150,000 to meet all of the City's costs to administer the City's Deferred Compensation Program. For the first six months of 1997, ITT Hartford has also agreed to contribute $75,000 to meet all of the projected administrative costs of the Plan. According to Ms. Murphy, ITT Hartford has agreed to absorb these City costs of administering the City's Deferred Compensation Program based on negotiations between the Employees Retirement System and ITT. In summary, the following shows the annual revenues used to fund the proposed supplemental appropriation:

Calendar Year 1995	$135,000
Calendar Year 1996	150,000
January 1 thru June 30, 1997 (Estimate for 1997)	75,000
Total	$360,000*

* Includes $260,000 from ITT Hartford.

4. There are currently 13,017 active members of the City's Deferred Compensation Plan, and the total deferred compensation currently amounts to approximately $409 million, according to Ms. Murphy. Ms. Murphy states that permanent, temporary, full and part-time City employees are eligible to participate in the City's Deferred Compensation Plan. The ITT Hartford Company collects an investment management fee for each City employee who is a plan participant, through deductions from the Plan assets.

Recommendations:

1. Amend the proposed ordinance by reserving $103,649 for Professional Services pending the selection of the contractor, the MBE/WBE status of the contractor and submission of contract cost details.

2. Approve the proposed ordinance, as amended.

PROFESSIONAL SERVICES

$33,065
Deloitte & Touche Contract to conducted an internal controls audit of processing of member's data and monies by ITT Hartford.

$24,000
Mercer Consulting Firm contract for investment performance evaluation to assess performance of the deferred compensation plan investment options and provide participants with independent assessments and comparisons.

$103,649
This is a reserve for RFP creation, bid analysis, consulting and contract negotiation. The amount identified for this task group is the unexpended balance of amounts transmitted to SFERS to cover administrative expenses. The cost of a full contact evaluation will most probably exceed the dollars available based on the contract review and RFP process in 1992-94. Additional costs will be borne by the successful bidder. It is expected that one or more consulting firms will assist staff and Board in evaluating options for administration of the Deferred Compensation Plan into the future. Options include single full service provider as currently, unbundled administration which might include one or more of the following:

Record Keeper
Investment Providers
Marketers
Payout Administrators

or some combination of the above.

TOTAL: $160,714

OTHER CURRENT SERVICES

$3,000
Accounts for cost of paper, supplies and postage as needed for handling correspondence and hardship withdrawals.

CITY ATTORNEY

$14,727
Costs are documented in the case management system as they relate to multiple claims for death benefits, dissolutions and other individual issues. In addition the City Attorney must assist in contract review as changes are negotiated or necessitated by changes in Federal law.

ISD SERVICES

$54,446
This charge was a special non-recurring cost. In 1994 Local 21 and the City negotiated an MOU agreement that the City would contribute monies to a deferred compensation plan based on eligibility, employment and job class history which required research of databases in order to make calculations. This activity was long and a timely process.

PERMANENT SALARIES/FRINGE

$104,670
SFERS staff is used to perform various activities related to the plan operation of the Deferred Compensation Plan (DFC); overall management control of all issues relating to DFC; resolution of participant complaints contract monitoring and negotiations review and approval of hardship withdrawals including counseling of applicants; payroll and accounting functions verifying amounts to be distributed in members accounts. Staff involved in ongoing enhancements for participants.
(Following page shows detail of each staff member.)

DEFERRED COMP. TIME ACCOUNT

January - December 1995

Class	Name	Hours	Rate	Amount	Fringes	Total
1112	Executive Director	49.50	56.0500	$ 2,765	$ 532	$ 3,297
1110	Executive Assistant	158.50	30.3000	$ 4,803	$ 924	$ 5,727
1812	Retirement Analyst	6.00	20.5250	$ 123	$ 24	$ 146
1446	Secretary II	21.58	18.2875	$ 390	$ 75	$ 465
1652	Senior Accountant	1,318.25	21.3250	$ 28,112	$ 5,409	$ 33,520
1812	Retirement Analyst	176.75	20.5250	$ 3,595	$ 692	$ 4,287
1244	Sr. Personnel Analyst	53.25	28.0250	$ 1,492	$ 287	$ 1,779
1404	Clerk	25.00	14.5375	$ 357	$ 69	$ 425
	Sub-Total	1,808.83		$ 41,636	$ 8,011	$ 49,647
	City Attorney's Office	45.00	127.27	$ 5,727		$ 5,727
	Total	1,853.83		$ 47,363	$ 8,011	$ 55,374

January - June 1996

Name	Name	Hours	Rate	Amount	Fringes	Total
1112	Executive Director	34.50	56.5875	$ 1,952	375.62	2,327.89
1110	Executive Assistant	122.50	32.4500	$ 3,975	764.81	4,739.94
1812	Retirement Analyst		20.5250	$ -	-	-
1446	Secretary II	20.50	18.7375	$ 384	73.90	458.02
1652	Senior Accountant	608.50	21.7500	$ 13,235	2,546.39	15,781.26
1812	Retirement Analyst	89.00	20.7250	$ 1,845	354.89	2,199.41
1244	Sr. Personnel Analyst	37.00	28.5875	$ 1,058	203.51	1,261.25
1452	Executive Secretary	2.50	22.3875	$ 56	10.77	66.74
1404	Clerk	28.50	14.8875	$ 424	81.63	505.93
1750	Microphoto Tech.	7.50	14.0000	$ 105	20.20	125.20
	Sub-Total	950.50		23,033.91	4,431.72	27,465.64
	City Attorney's Office			$ -	$ -	$ -
	Total	950.50		$ 23,033.91	$ 4,431.72	$ 27,465.64

Summary:

	Salaries	Fringe	Total
Calendar 1995	$ 41,636	$ 8,011	$ 49,647
Jan-Jun 1996	$ 23,034	$ 4,432	$ 27,466
Jul 96-Jun 97 Estimate	$ 40,000	$ 10,000	$ 50,000
Total	$104,670	$ 22,443	$ 127,113

City Attorney

Calendar 1995 Actual	$ 5,727
Jan-Jun 1996 Estimate	$ 3,000
Jul 96-Jun 97 Estimate	$ 6,000
Total	$ 14,727

Attachment II

Post-it® Fax Note 7671	Date 11/26	# of pages ▶ 1
To DEBRA Newman	From Kay G	
Co./Dept	Co. SFERS	
Phone # 252-0461	Phone # 554-1525	
Fax #	Fax # 554-1523	

File 101-96-18

MERCER CONSULTING FIRM
(A two-year contract for $24,000)

Expenditures for the first 6 months:

Mercer Staff	Hourly Billing Rate		Hours	Amount
1 - Typist	$90.00		4.45	$ 400.00
1 - Analyst	$125.00		28.00	$3,500.00
1 - Consultant	$210.00		10.00	$2,100.00
		Total		**$6,000.00**

DELOITTE & TOUCHE

Staff	Hourly Billing Rate		Hours	Amount
1 - Senior Manager	$110.00		26	$ 2,860.00
1 - Senior Consultant	$110.00		133	$14,630.00
1 - Consultant	$110.00		106	$11,660.00
Travel Expenses				$ 3,915.00
		Total		**$33,065.00**

CITY ATTORNEY

Staff	Hourly Billing Rate		Hours	Amount
1 - Attorney (Actual)	$127.27		45.00	$ 5,727.00
1 - Attorney (Estimate)				$ 3,000.00
1 - Attorney (Estimate)				$ 6,000.00
		Total		**$14,727.00**

ISD CHARGES

Staff	Hourly Billing Rate		Hours	Amount
3 - Programmer/Analysts	$50.00		192.5	$ 9,625.00
Computer Charges				$44,821.35
		Total		**$54,446.35**

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TOTAL P.01

Item 4 -File 101-96-21

Department: Trial Courts

Item: Supplemental appropriation ordinance for computer maintenance and professional services contracts to complete court automation projects in Fiscal Year 1996-97.

Amount: $1,066,500

Source of Funds: Court Special Revenue Fund (See Comment No. 1)

Description: The proposed supplemental appropriation would allow the Trial Courts to further consolidate its civil management information systems, which is essential to allowing both the Superior and Municipal Courts to utilize bench officers and staff interchangeably in their civil departments. The proposed supplemental appropriation would also be used to improve the Court's criminal case management systems that will support the work of the Court's staff.

Budget: The Trial Court proposes to expend the proposed funds as follows:

Personal Computer (PC) Utility Program (Equipment and service maintenance contract)	$573,400
Converting the Superior Court programs from WANG to DEC	63,300
Continued Design and Development of Civil Case Management System	119,100
Application Development of the Civil Project	81,000
Creating computer based training module	161,700
Developing criminal management applications for the Superior Court	68,000
Total	$1,066,500

Attachment I to this report, provided by the Trial Courts, further details each of the above listed uses of the supplemental funds requested.

Comments:

1. Two percent of all fines and forfeitures levied against criminal defendants and traffic violators are deposited by both the Municipal and Superior Courts into the Trial Courts' Special Revenue Fund, which is the source of funds for the proposed supplemental appropriation. The current balance in the Court's Special Revenue Fund is approximately $1,385,000. Therefore, if the proposed supplemental appropriation is approved, this Special Fund would have a remaining balance of approximately $318,500. According to the Trial Courts, approximately $131,000 is deposited into this Special Revenue Fund each year.

2. All of the requested funds will be spent for outside contractors. Attachment II, prepared by the Trial Courts, identifies the names of the contractors, the MBE/WBE status of each of the contractors, the number of hours and hourly rates for each contractor and the estimated completion date of each project. As explained in Attachment II, these contracts were all awarded to existing contractors or contractors who have worked for the Trial Courts in the past.

3. According to Ms. Kate Harrison of the Trial Courts, the new Courthouse, currently under construction at Polk and McAllister Streets, will not be wired for the Superior Courts' WANG computer system, but will only be wired for the DEC computer system, which is the computer system operated by the Municipal Court. Ms. Harrison reports that, approval of the proposed supplemental appropriation will enable the conversion from the WANG to the DEC computer systems to be completed for the Superior Court by July of 1997. It is anticipated that the Trial Courts would move into the new Courthouse shortly after the construction is completed in September of 1997.

4. Except for the $573,400 for the Personal Computer Utility Program, which will initiate a $1.3 million annual program for the continuous upgrading of technology equipment, computer maintenance and related services for the Trial Courts, by entering into a seven-year service agreement with Digital Equipment Corporation (DEC), the remaining expenditures of $493,100 ($1,066,500 less $573,400) are one-time contractual services expenses. According to Ms. Harrison, the Personal Computer Utility Program, which is a service agreement to upgrade the computer equipment, maintenance and related services for the Trial Courts, is intended to be an ongoing program

that would be part of future annual budget requests, with the request of $573,400 covered by this subject legislation.

5. Ms. Harrison reports that the Trial Courts budgeted approximately $920,000 in FY 1996-97 for the WANG and DEC computer equipment and maintenance, including $260,000 for the initiation of the Personal Computer Utility Program. However, it should be noted that the $260,000 for the Personal Computer Utility Program included in the Trial Courts' FY 1996-97 budget was placed on reserve, pending approval by the City's Electronic Information Service Processing Committee (EISPC). Mr. Alan Carlson of the Trial Courts reports that the Trial Courts submitted their plans to EISPC in September of 1996 but as of the writing of this report, EISPC has not yet approved the Trial Courts PC Utility Program.

6. If the proposed supplemental appropriation is approved, it would eliminate the Superior Court's WANG computer system and thus eliminate approximately $100,000 of annual maintenance costs for the WANG computer system from the Trial Courts annual budget. However, as shown in Attachment III, the proposed Personal Computer Utility Program is a seven-year service agreement (six years after the current year), at a cost of approximately $1.3 million per year, or a total cost of approximately $9.1 million. Approval of the proposed supplemental appropriation would therefore result in the Trial Courts entering into this seven-year agreement with Digital Equipment Corporation to fund the continuation of the Personal Computer Utility Program. Therefore, the proposed request to finance the Personal Computer Utility Program would actually cost an additional $1.3 million each fiscal year, for the next seven years.

7. Although the proposed supplemental appropriation would (a) enable the Trial Courts to further consolidate computer efforts, (b) significantly upgrade the computer systems and applications used by the Trial Courts and (c) effectively streamline the technology of both the Superior and Municipal Courts, the result would be a substantial increase in both one-time and annual ongoing costs. Specifically, the increase in one-time contract services costs would be $493,100 and the increase in annual ongoing costs would be approximately $1.3 million for the next seven years. Furthermore, although the proposed supplemental appropriation would be funded through the Court's Special Revenue Fund, the future increased annual budget requests of approximately $1.3 million by

the Trial Court would be General Fund monies, according to Ms. Harrison.

8. In addition, although the Courts state in Attachment I that these efforts would "free Court employees from administration, training and support duties" and "employees supporting the WANG (computer system) freed for use elsewhere", the proposed supplemental does not propose the elimination or reduction of any positions in the Municipal or Superior Courts. Nor do the Trial Courts' supporting documents propose any reductions in expenditures in any part of their annual budget appropriations. Furthermore, as previously noted, because of the contractual obligation to the Digital Equipment Corporation, the proposed supplemental appropriation would result in future increased annual General Fund costs of approximately $1.3 million per year.

9. Attachment IV contains a letter from Mr. Alan Carlson, the Chief Executive Officer of the Trial Courts, which summarizes the benefits of the proposed automation projects for the Trial Courts, including the (1) ability to provide required services that cannot be provided now with existing staff, (2) ability to respond to new demands with minimal addition of new staff and (3) new services to be made available to litigants and the public. As shown in Attachment IV, the new computer systems "would not allow cutting of staff".

10. Although the proposed supplemental appropriation would further the Trial Courts consolidation efforts of the Municipal and Superior Courts, the major benefits of Municipal and Superior Court consolidation is to streamline operations, to achieve staff efficiencies and related overall cost savings. However, the Trial Court is not proposing any staff or cost savings to the Trial Court's current budget. In fact, the Trial Court is anticipating future additional General Fund expenditures of $1.3 million annually would result, if the proposed supplemental appropriation is approved. In addition, to date, EISPC has not approved the Trial Courts proposed Personal Computer Utility Program.

Given these factors, together with the limited availability of the City's General Fund and the Trial Court's Special Revenue Fund, and the numerous projects which the Trial Courts wish to fund with these revenues, the Budget Analyst recommends that this ordinance be continued, pending (a) EISPC's approval of the Personal Computer Utility Program and (b) the Trial Courts submission to the

Board of Supervisors of a prioritized listing of their computer needs and related expenditure requests for purposes of minimizing their current and future year's dependence on the City's General Fund.

Recommendation: Continue the proposed ordinance pending EISPC approval of the requested Personal Computer Utility Program and submission to the Board of Supervisors of a prioritized listing of the Trial Courts computer needs and related expenditure requests, for purposes of minimizing the Trial Courts current and future years' demands on the City's General Fund.

The total supplemental request of $1,066,500 from the Court automation fund will be utilized as follows:

1. PC Utility Program

The traditional method of upgrading technology is to purchase all of the equipment (including PCS, network equipment, servers, platforms) identified for future needs and then annually pay maintenance charges on that equipment. The Courts propose instead to acquire and maintain the equipment through an Information Technology Utility Enhancement Program (ITUEP), which is a service agreement. The hard dollar savings to be realized over the seven years of the program compared with the option of outright purchase are estimated at $8 million. In addition to these substantial hard dollar savings, the Courts will incur other material savings such as freeing Court employees from administration, training, and support duties so that they can focus on service delivery. Additionally, under ITUEP, the Courts can refresh software and equipment as needed. The additional funds needed for this project, beyond amounts already budgeted, total $573,400. This is ongoing and will be part of future annual budget requests.

2. Converting the Superior Court programs from WANG to DEC

Superior Court civil calendars, court documents and statistics are presently produced using a WANG system introduced in 1988, while Municipal Court civil operations are managed under a newer DEC system. Not only is the Superior Court hampered in the production of useful documents and meaningful statistics, but the existence of two separate systems limits both courts' ability to cross train and cross assign judicial officers and staff. This portion of the project will focus on converting programs and data files from the WANG to the DEC. Furthermore, the Superior Court's payroll system, currently run on WANG, will be converted. The converted systems will run with the same screens and reports as they did under the WANG system, reducing retraining. Costs for this phase include $52,300 for programming, $1,000 for development tools software licensing, and $10,000 for licensing of the application software, for a total of $63,300. This is a one time expense.

3. Continued Design and Development of Civil Case Management System

Additional funds are needed to continue assistance and technical support from National System and Resource Company. During the planning of a pilot client/server system suitable for civil and small claims operational usage, NSR provided technical support to both Courts in identifying and prioritizing user requirements, and defining automation needs, specifications, and architecture for the case management system software as well as hardware. Contract extension options total $119,100 for continued work in prioritizing the development of the software functions and quality control to ensure the courts develop what is needed. This is a one-time expense.

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4. Application Development of the Civil Project (MAGIC/SQL)

Funds would be used to hire a consultant to continue the Consolidated Civil Case Management application development. A consultant from MAGIC will assist the Court programming staff in understanding the tools used in MAGIC development. Further, the consultant will participate in the education, training, and development in regards to the new Consolidated Case Management System. Total cost for this project would be $81,000. This is a one time cost.

5. Creating tools for a computer based training module

Both Courts wish to contract for the development of a customized computer-based training tool and Help Desk monitor tool. The training would cover basic use of computers as well as the use of the new Consolidated Civil Case Management application. The contractor would analyze training and cross-training needs and develop a computer based training system, create training curriculum diskettes, and develop training handbooks. The contractor would also analyze Help Desk operations, and would develop computer based tools to assist Help Desk operations. The total cost for this phase of the project is $161,700 and it is a one time cost.

6. Developing criminal management applications for the Superior Court

This project would contract with PSI to migrate the remaining Superior Court WANG applications in the criminal division (Case Management Forms Generation System) to an Oracle-based Client/Server system on the DEC computer. This would allow for better support, improved performance in the interface with CMS and would allow for the elimination of the WANG system in its entirety. Future maintenance costs will be avoided and employees supporting the WANG freed for use elsewhere. This module of the system will also allow the Courts to create a data base for tracking domestic violence orders now required by new state laws. The total cost for this project is $68,000 and it is a one time cost.

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Trial Courts of San Francisco

(MUNICIPAL AND SUPERIOR COURTS)

Ron Ho
Director
Information Technology Group

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850 Bryant St, Rm 101
San Francisco, CA 94103
Voice: 415/553.9749
Fax: 415/553.9371

INFORMATION TECHNOLOGY GROUP

TO: *Kate Harrison*, Trial Courts Finance Section
FROM: Ron Ho
DATE: November 27, 1996
FILE NO.: 017d.MM
SUBJECT: Specified Questions on Supplemental for FY 96/97

Kate, here is the information you requested regarding the supplemental that was submitted for FY 96/97 for the Information Technology Group.

Item #1 on Supplemental:

Title:	*PC Utility Program.*
Contractor:	Digital Equipment Corporation
Total Cost:	Refer to Attachment III

Item #2 on Supplemental:

Title:	*Converting the Superior Court Programs from Wang to Dec.*
Contractor:	Mario Lopez Cambridge Programmers
Number of Hours:	871
Hourly Rate:	$60.00
Labor Total:	$52,260.00
Software Licensing:	$11,000.00
Total Cost:	$63,260.00
Completion Date:	Five months from inception
MBE/WBE:	Yes
MBE/WBE Filed With City:	Unknown
Why was this contractor chosen?:	The contractor has done extensive work for the Courts in the past, and already has an existing contract for support work. Therefore, this project would, in essence, be a continuation of the work that they have performed for us in the past.

Item #3 on Supplemental:

Title:	*Continued Design and Development of Civil Case Management System.*
Contractor:	NSR Proprietary
Number of Hours:	1,394
Hourly Rate:	$60.00 to $110.00*
Labor Total:	$119,080.00
Total Cost:	$119,080.00
Completion Date:	November 1996
MBE/WBE:	No
MBE/WBE filed With City:	N/A
Why was this contractor chosen?:	These hours are all for contract extensions to existing contracts that NSR has with the Courts. These additional hours will allow the projects to be completed as required.

Item #4 on Supplemental:

Title:	*Application Development of the Civil Project (MAGIC/SQL)*
Contractor:	Magic Software
Number of Hours:	640
Hourly Rate:	$112.00
Labor Subtotal:	$71,680.00
Expenses:	$9,320.00
Labor Total:	$81,000.00
Total Cost:	$81,000.00
Completion Date:	March 1997
MBE/WBE:	Yes
MBE/WBE Filed With City:	Unknown
Why was this contractor chosen?:	MAGIC is currently installed as an application development tool. Magic Software is currently providing development support and training for this application to the ITG Programming Staff. These supplemental funds are an extension to provide additional support and training from Magic Software.

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* The hourly rate fluctuates depending upon the skills level of the employees from NSR. Employees will range from Analyst through Senior Analyst to Project Manager.

Item #5 on Supplemental:

Title:	*Creating Tools for a Computer Based Training (CBT) Module.*
Number of Hours:	Refer to CBT Attachment.
Hourly Rate:	Refer to CBT Attachment.
Labor Total:	$85,072.00
Software and Software Licensing:	$76,628.00
Total Cost:	$161,700.00
Completion Date:	June 1997.
MBE/WBE:	No
MBE/WBE Filed With City:	N/A
Why was this contractor chosen?:	These hours are in conjunction with the contract extension hours for Project #3. This Project, in conjunction with the effort already expended by NSR/CIC, along with the above mentioned extensions, will result in the installation of a computer based training system for the Courts.

Item #6 on the Supplemental:

Title:	*Developing Criminal Management Applications for the Superior Court.*
Contractor:	PSI Systems, Incorporated
Number of Hours:	1,000
Hourly Rate:	$68.00
Labor Total:	$68,000.00
Total Cost:	$68,000.00
Completion Date:	Seven months after start.
MBE/WBE:	Yes
MBE/WBE Filed With City:	Unknown
Why was this contractor chosen?:	PSI was involved in the original programming of the WANG, and is therefore thoroughly familiar with the application. PSI has an outstanding contract with the City for support services on the existing WANG system. As a result, PSI would be the logical choice.

If you have any questions, please feel free to contact me.

Computer Based Training (CBT) - Itemization of CIC's ESP Systems Purchase

$161,700.00 Total Projected Price

$7,900.00 Final Application / Function / Skill Outline (395 skills x $20 / skill) of the Trial Courts Civil System.

An ESP Outline details the applications, levels, functions and skills essential for adequate training for the application users. See attached Windows 95 Outline as an example, and the San Francisco Trial Courts Civil System Estimated Skills Outline.

$25,675.00 ESP Curriculum Development System (395 skills x $65 / skill) Includes the tools necessary to develop and maintain curriculum for use with the ESP Initial Peopleware System and the ESP Annual Peopleware System.

$49,572.00 Custom Curriculum (395 total skills x 50% = 198 essential skills) Includes any training curriculum developed by CIC for exclusive use by a specific customer. "ESP Custom Curriculum" may be maintained by CIC or the customer.

$21,922.00 Enhanced Skills (198 essential skills x 60% = 119 skills x $185 / skill) Skills which can be produced by converting and indexing existing End User documentation and creating test questions, thus requiring fewer hours.

$27,650.00 Developed Skills (198 essential skills x 40% = 79 skills x $350 / skill) Skills which have minimal, if any, written documentation available, whereby the Custom Curriculum text and test questions must be created, thus requiring more hours.

$1,925.00 Standard Curriculum

If any training material developed and maintained by CIC for customers use with the ESP Initial Peopleware System which provide pretests, visual / interactive lessons and post-tests.

$0.00	25 ESP Tutorial Skills (included)
$1,925.00	35 Windows 95 skills (35 skills x $55 skill)

$38,475.00 ESP Initial Peopleware System

Includes the tools necessary to deliver automated training, including but not limited to management selection, pretest, curriculum delivery / post test, and management reporting.

$38,153.00 ESP Annual Peopleware System

Includes the tools necessary to deliver automated problem reporting and help desk functionality including replacement skill matching and management reporting.

ATTACHMENT "B"

SERVICE/PRODUCT SCHEDULE NO. 1
Dated 28 June 1996

TO PC UTILITY SERVICES AGREEMENT No. 6588298-A DATED AS OF 28 JUNE 1996 BETWEEN DIGITAL EQUIPMENT CORPORATION AND THE CUSTOMER NAMED BELOW ("CUSTOMER")

This Service/Product Schedule is issued pursuant to the PC Utility Services Agreement ("Agreement") described above between Customer and Digital, and will be governed by that Agreement.

A. Price and Terms. Customer agrees to pay $325,000 (excluding taxes)quarterly in arrears for the PC Utility Services identified below for twelve (12) months commencing 1 October 1996. Thereafter, Customer agrees to pay $1,300,000 (excluding taxes) annually in advance on 1 October of each of the remaining six (6) years of the Term.

The payment set forth herein assumes acceptance of the PC Utility Services and commencement of this Service/Product Schedule by 28 June 1996. In the event that the actual Commencement Date occurs later than 28 June 1996, the payment amount may be adjusted. In the case of such an adjustment, Digital shall notify Customer of the details of such adjustment, and advise Customer of the new payment amount due hereunder. Such written notice shall constitute an amendment to this Service/Product Schedule.

B. Description of PC Utility Services

ITEM#	DESCRIPTION	QTY	LOCATION
	New Equipment to be ordered		
1	Venturis Pentium 5100 w/1.2GB HDD	200	McAllister St., San Francisco
	assume installation in years 2 and 3		
	8 MB SIMM upgrade	400	McAllister St., San Francisco
	15" Monitor	200	McAllister St., San Francisco
	LK450 Keyboard	200	McAllister St., San Francisco
	NIC Card	200	McAllister St., San Francisco
	Pathworks	200	McAllister St., San Francisco
	Pre-Loaded Windows95 & MS Office	200	McAllister St., San Francisco
	H/W Maintenance - 4 years	100	McAllister St., San Francisco
	H/W Maintenance - 5 years	100	McAllister St., San Francisco
2	Celebris GL Pentium 133 w/1.2GB HDD	50	McAllister St., San Francisco
	assume installation in years 2 and 3		
	32 MB SIMM upgrade	50	McAllister St., San Francisco
	14" Monitor	50	McAllister St., San Francisco
	LK450 Keyboard	50	McAllister St., San Francisco
	NIC Card	50	McAllister St., San Francisco
	CD ROM Drive	50	McAllister St., San Francisco
	Pathworks	50	McAllister St., San Francisco
	Pre-Loaded Windows95 & MS Office	50	McAllister St., San Francisco
	H/W Maintenance - 4 years	25	McAllister St., San Francisco
	H/W Maintenance - 5 years	25	McAllister St., San Francisco

Digital Equipment Corporation - *Multivendor Customer Services*
PC Utility Services Agreement No. 6588298-A- continued

3	DEClaser 3500, 12PPM LSR Printers	50	McAllister St., San Francisco
	assume installation in years 2 and 3		
	LN14 8MB Memory Upgrade	50	McAllister St., San Francisco
	H/W Maintenance - 4 years	25	McAllister St., San Francisco
	H/W Maintenance - 5 years	25	McAllister St., San Francisco
4	Network Equipment (Future)		McAllister St., San Francisco
	assume installation in years 2, 3 & 4		
	Wireless Access Points Rm 101/McAl.	52	
	Wireless ISA Cards	130	
	Wireless PCMCIA Cards	52	
	Port Rep/w NIC	200	
	GigaSwitch Chasis	1	
	4 Port SAS Card	1	
	DecHub 900 Backplane	6	
	DecSwitch 900 EF	6	
	DecRepeater 900	26	
	MIC/MIC Fiber Patch	12	
	Daughter Board	4	
	AGL Line Card	2	
	H/W Maintenance 6 years (33%)		
	H/W Maintenance 5 years (33%)		
	H/W Maintenance 4 years (33%)		
	EXISTING EQUIPMENT MAINTENANCE		
5	8200 Alpha 5/300 w/dual processors	2	
	Early Renewal of Schedule 9551557-003		
6	Existing PC Utility Equipment Maintenance		
	LP27 PRINTER	2	
	UPS POWER SUPPLY	1	
	POWER MAC 8500	2	
	LGO1 UPGRADE	1	
	VENTURIS 5100 90MHZ PENTIUM	6	
	17" MONITOR	6	
	32MB RAM	6	
	LK450 KEYBOARD	6	
	NIC	6	
	28.8 FAX MODEM	6	
	PATHWORKS	6	
	CD-ROM	6	
	ULTRA HINOTE	1	
	16MB UPGRADE	1	
	LK450 KEYBOARD	1	
	PATHWORKS	1	
	NIC	1	
	MULTI MEDIA	1	
	NYLON CASE	1	
	17" MONITOR	1	

	VENTURIS 486/DX4 100MHZ	100	
	17" MONITOR	100	
	LK450 KEYBOARD	100	
	NIC	100	
	PATHWORKS	100	
	CD-ROM	100	
	CINCOM S/W w/15 keys	1	
	SW 800 W/32GB DISK	1	
	Single Drive	2	
	Write Back Cache	2	
	CARTRIDGE	25	
	STORAGE SHELF	5	
	TZK60 TAPE DRIVE	1	
	ALPHA 200	2	
	PMDF MTA PERPETUAL LICENSE	1	
	TEAMLINKS ALL-IN 1	10	
	LINKWORKS CCMAIL	3	
	X.500	1	
	PRINTERS HP/PANASONIC	35	
	******NETWORK PROJECT******		
	DECswitch900EF	1.	
	PORTswitch 900TP	1	
	DEChub 900 Power Supply	1	
	GIGAswitch/FDDI chassis no P/S	1	
	GIGAswitch/FDDI SCP	1	
	GIGAswitch Power Supply	1	
	2 Port FDDI Line Card MMF	1	
	GIGAswitch 4 Port SAS UTP Card	1	
	FDDI/PCI SAS card for Turbo Laser	2	
	Power Cord	2	
	FDDI/FDDI Cable 10 meters	1	
	FDDI/PCI UTP card for Alpha 2100	1	
	Crossover cable for DEFPA-UA	3	
	GIGAswitch/FDII firmware doc.kit	1	
	Media & document distrib. service	1	
	DECrouter 90 single T1/E1standalone	4	
	DECrepeater 90T	1	
	V.35 Serial Interface Cable	4	
	TRANSLAN 335-2 PORT	2	
	TRANSLAN V.35	2	
	VT320 TERMINALS	45	
	Printers LA120-AA	13	
	Printers LN03-AA	3	
	200 TERMINAL SERVER	1	
	T CONNECTOR THINWIRE W/BT	21	
	TERMINATOR THINWIRE W/BT	21	
	RG58 THINWIRE CABLE PVC	21	
	ETHERNET IEEE802.3	4	
	10M IEEE802 PVC	1	

Digital Equipment Corporation - *Multivendor Customer Services*
PC Utility Services Agreement No. 6588298-A- continued

	10FT 6COND OVL DAT CBL MMJ	1	
	0FT 5COND OVL DAT CBL MMJ	2	
	MODEM US/CAN HOUS	2	
	LOCAL NETW INTER	1	
	ETHER MULTI REPTER	1	
	T CONNECTOR THINWIRE W/BT	8	
	TERMINATOR THINWIRE W/BT	8	
	RG58 THINWIRE CBL PBV	8	
	ETHERNET MULTI REPTER	4	
	LOCAL NETWRK INTER	1	
	ETHERNET IEEE 802.3	1	
7	Project Management services	2250 hrs	
8	Systems Integration services	1040 hrs	

Payment for 500 users equals: $216 per month per seat

SAN FRANCISCO
SUPERIOR AND MUNICIPAL COURTS

633 Folsom Street, Room 500
San Francisco,CA 94107-3600

ALAN CARLSON
Chief Executive Officer
(415) 554-6978
FAX: (415) 554-6434
Web Site: http://www.ci.sf.ca.us/courts

DATE: November 26, 1996

TO: Debra Newman, Budget Analyst's Office

Alan

FROM: Alan Carlson, Chief Executive Officer

SUBJECT: File 101-96-021; Request for Funds to Complete Automation Projects

In response to your questions I have prepared the following brief summary of the benefits of the proposed automation projects to litigants and the public. The benefits fall into three categories. To begin with the new system will allow the courts to provide information and service levels now required to be provided but which the courts do not have sufficient staff to provide. While these benefits avoid the need to add staff, they would not allow cutting of staff. The second category of benefits relate to new mandates on the courts for information or services which are not now provided. As there are no staff performing these duties now, none can be eliminated through automation. The automation should, however, minimize any need for additional staff. The final category includes new services not now provided, but which have come to be expected by the public in these high technology times. The services contemplated here were chosen, in part, because the service may reduce the need to add staff latter in response to growing caseloads, and growth in the documents and events per case.

I. ABILITY TO PROVIDE REQUIRED SERVICES THAT CANNOT BE PROVIDED NOW WITH EXISTING STAFF

A. Coordination - Having two separate civil systems now is a significant limitation on the transfer of cases between courts in furtherance of coordination because a courtroom clerk cannot use the computer in a courtroom to do work on a case from the other court. The new system will be the same for both courts.

B. Appeals - The Superior Court currently cannot produce appellate transcripts as fast as is required due to lack of staff and inadequate automation. The new system will speed up the preparation of appeal indexes and automate notification of reporters to prepare transcripts. Electronic imaging and filing capabilities will also speed the preparation of the clerk's transcript which now must be prepared and copied manually.

C. Slow Filing and Courtesy Copies - Current limited staff and facilities slows entry of documents into the computer, requiring attorneys to file an extra courtesy copy with the court which can go directly to the courtroom needing the document without waiting for the document to be processed.

D. Training - Currently the lack of adequate staff prevents both courts from adequately training staff, especially regarding use of automation. It is planned that elimination of the WANG will free up one computer support person to oversee the training. The request also includes funding for a training package that will facilitate training without the need to add training staff.

E. Statistics - Currently the courts are not providing all required statistics about their caseload and much of the statistical information collected is prepared manually. The new system will have statistical data gathering and report writing included as a byproduct of normal data entry activities.

F. Computer support - Growth in number of PCs has outstripped the ability of existing staff to adequately support all users and software packages which would make work more effective. Elimination of the WANG system will free up computer support staff to support the PCs contemplated under the new system. Replacement of the 90 WANG terminals with PCs will free WANG support staff to provide PC support, avoiding the need to add new support staff.

II. ABILITY TO RESPOND TO NEW DEMANDS WITH MINIMAL ADDITION OF NEW STAFF

The state Legislature and Congress are imposing NEW database and registry requirements on courts:

A. Domestic Violence Protective Order Registry (Family Code, section 6380)

B. Criminal Convictions Record Act database (1996 Stats., Chap. 642)

C. Child support order registry (federal)

D. Child custody order registry (federal)

III. NEW SERVICES TO BE MADE AVAILABLE TO LITIGANTS AND THE PUBLIC

A. Electronic Access - Neither court system currently allows electronic access to its data. While electronic access will probably increase the total number of inquiries, there will be some reduction of staff time now spent responding to "walk-in" inquiries.

B. Electronic Filing - Allowing litigants to file and retrieve documents electronically will reduce the need for staff who enter, file, retrieve and copy documents, particularly in large cases. Without electronic filing more staff may be needed to the extent there is growth in caseload or in the number of documents filed per case. Fewer data entry staff will be needed with electronic filing, however, any reduction is mitigated by the need continuing requirement to review documents for completeness and the proper filing fee even though it was filed electronically. Electronic filing will also permit faster preparation of the appellate record and reduce the need for courtesy copies of certain types of documents.

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Item 5 - File 7-96-7

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Resolution approving a revised fare schedule for the San Francisco Municipal Railway's contracted paratransit services.

Background: Paratransit services are door to door taxi and van services for persons who have difficulty using the services of the Municipal Railway (MUNI). Paratransit services are provided as alternative transportation opportunities to City residents who (a) are elderly or disabled, (b) file an application which requests paratransit services and (c) are certified for such services by the MUNI's Paratransit Broker, based on the Americans with Disabilities Act (ADA) eligibility criteria.

MUNI's Paratransit Broker is Cerenio Management Group (CMG), a private company currently under contract with MUNI. The contract amount is $1,584,877 in FY 1996-97. CMG administers paratransit services in San Francisco. In addition to certifying ADA eligible clients for the Paratransit Program, CMG markets the City's Paratransit Program, manages the taxicab scrip reimbursements, oversees competitive bids for the lift- and group van sub-contractors, coordinates agreements for out-of-town trips with comparable services provided by BART, Golden Gate Transit, SAMTRANS, etc., handles rider complaints and provides on-going monitoring of and reporting of paratransit activities.

After ADA eligibility has been certified by the Paratransit Broker, the eligible paratransit user may purchase:

- taxicab scrip at 10 percent of face value, or a 90 percent discount, of a taxicab ride. The scrip is used in the place of cash to pay for taxicab fares. This service is for paratransit clients whose trips are individual in nature, e.g. shopping or personal appointments. The trips are provided through four taxi companies (Yellow Cab Cooperative, Luxor Cab, DeSoto Cab and National Cab) 24 hours a day, 7 days a week. As noted above, the paratransit client pays 10 percent while the City pays 90 percent of the total cost of the taxicab fare.
- a monthly $8.00 pass for unlimited rides on a lift-van for eligible customers using wheelchairs. For this

service Cereno Management Group contracts with a single sub-contractor, MV Transportation, who operates lift vans. The service is available seven days a week, 24 hours per day, and requires at least a one day advance notice for a reservation to provide sufficient time for the scheduling of trips.

- a monthly $8.00 pass to ride with organizations which have an agreement with the Cerenio Management Group, to transport eligible paratransit riders in group vans on prescheduled trips. At the present time there are six group van companies funded directly by the Public Transportation Commission, MV Transportation, Delancy Street, Canon Kip, Industrial Passenger Services, Kimochi and Shanti, and seven companies funded directly by the Commission on Aging, John King Senior Center, Centro Latino, Canon Kip, Kimochi, MV Transportation, Self Help for the Elderly and Grosvenor. Service is available 24 hours per day, seven days a week, and is demand driven. For such trips, organizations work directly with the Cereno Management Group (CMG) to provide their members with group van transportation services.

MUNI estimates that approximately 13,000 San Francisco residents are currently eligible for paratransit services, although not all of these persons use the paratransit services on a regular basis.

Description:

Under the proposed paratransit fare schedule:

(1) Currently paratransit users with incomes of under $750 per month pay 10 percent of the taxicab meter fare. The remaining 90 percent is paid from City revenues appropriated for the Paratransit Program, resulting in a 90 percent discount to these riders. However, paratransit users with incomes of $750 per month, or over, currently pay 50 percent of the taxicab meter fare with the other 50 percent paid by City revenues, resulting in a 50 percent discount. Because recent changes to the provisions of the Americans with Disabilities Act (ADA) require that all such fares be the same, MUNI is proposing to delete all income requirements for the taxicab services. Therefore all paratransit users would pay 10 percent of the taxicab meter fare regardless of income resulting in all users receiving a 90 percent discount in the taxicab fare.

(2) Currently, lift-van users pay $8.00 for a monthly pass for unlimited rides. Under the proposed fare revisions,

lift-van users would either pay $0.90 per lift-van trip or pay $35.00 for a special monthly MUNI pass from the Paratransit Broker, who has affixed a special decal that identifies the client as eligible for the lift-van service. Therefore, the cost of the monthly pass will increase by 338 percent ($8.00 to $35.00).

(3) Currently, group van users pay $8.00 for a monthly pass for unlimited rides. Under the proposed fare revisions, a monthly pass will no longer be available and instead group van users would pay $0.60 per trip. This proposed fare would either result in an increase or decrease to the group van user depending on the number of actual trips taken in any particular month. If the group van user takes 13 or less trips per month, there would be a savings (13 times $0.60 equals $7.80). If the group van takes 14 or more trips a month, the fares will increase (14 times $0.60 equals $8.40).

In Fiscal Year 1996-97 fare revenues account for 6.4 percent of the total Paratransit Services Program. Such fare revenues are expected to continue at the same level if the proposed fares are approved.

Description	Amount	Percent of Total
Paratransit Fares[1]	$ 712,817	6.4
General Fund Contribution	3,770,388	33.9
Transportation Authority (sales tax funds)	4,746,000	42.7
ADA funding	784,448	7.1
Commission on the Aging	591,885	5.3
State Transit Assistance	504,913	4.6
Total	$11,110,451	100.0

Comments:

1. Attachment 1 to this report shows the present and proposed paratransit fares requested by the Public Transportation Commission and provides a comparison of costs and usage among the three different modes of transportation. This attachment also identifies the funding sources of the Paratransit Program, compares paratransit services provided in the Bay Area and identifies the different types of services provided under the City's Paratransit Program.

[1] Based on actual fares collections received in FY 1995-96.

2. Attachment 2 to this report provides the FY 1996-97 paratransit budget as approved by the Board of Supervisors. The total Paratransit budget for FY 1996-97 is $11,110,451.

3. Ms. Annette Williams of MUNI states that the proposed fare decreases associated with the taxicab scrip mode of paratransit services will reduce annual revenues to the City by an estimated $136,000. Offsetting these decreases in revenues are the proposed increases associated with the lift-van and group van paratransit services which are estimated to result in net increased annual revenues of $138,000. Therefore, the proposed fare revisions are estimated to result in estimated additional annual revenues of $2,000.

4. As previously noted, the proposed decrease in the taxicab fares are being implemented in order to comply with revised ADA requirements.

Recommendation: Approval of the proposed revised paratransit fare schedule is a policy matter for the Board of Supervisors.

PUBLIC TRANSPORTATION COMMISSION

MUNICIPAL RAILWAY

PARATRANSIT FARE CHANGE PROPOSAL

SUMMARY

Paratransit service in San Francisco is provided by the Paratransit Broker through a contract with Muni to certified consumers and in three different modes: Group Van, Lift Van and Taxi. This heavily subsidized program delivers about 1 million trips at a cost of approximately $11 million annually. Lift van trips are the most costly, accounting for 7.8% (72,167) of the total trips, but 16.9% of the expenditures ($1.66 million). The Group Van service carries 30% (275,335) of the trips, but requires only 20.9% of the total costs ($2.04 million). Taxis are responsible for 54.2% (498,405) of trips, while expending 41.8% of the budgeted resources ($4.08 million). In addition, 73,089 trips or 8.0% of the total trips are special group trips through the Commission on the Aging for an additional 5.5% of the budget ($.5 million).

The current paratransit fare structure is variable both within the Taxi mode and across modes. Currently, paratransit riders pay different fares according to their income, and users of different paratransit modes pay disparate fares. The result of this variable pricing is counter to the intent of the Americans with Disabilities Act which takes full effect in January, 1997. Two important aspects of the proposed fare change will (1) allow Muni to be in compliance with the ADA fare regulations and (2) eliminate existing fare inequities across modes. The proposed change is NOT intended as a revenue generating measure. Indeed, the proposed fare change will decrease fares for some paratransit users and raise fares for others, resulting in no net change in revenue generation. In addition, fares account for less than seven percent of the program's total revenues, and the proposed changes will not alter the proportion of revenue sources for this program. The following table reflects the current and proposed paratransit fares.

MODE	CURRENT	PROPOSED
Taxi	10% of meter fare if income under $750/mo. 50% of meter fare if income is over $740/mo.	10% of meter fare for all users.
Lift Van	$8.00 per month	90 cents per trip $35 per monthly pass
Group Van	$8.00 per month	60 cents per trip

San Francisco Paratransit Program Fare Structure Recommendations and Background Information

Proposal

It is proposed that fares be modified in the San Francisco paratransit program to comply with the Americans with Disabilities Act and to ensure equitable fares between modes in the program. Under this fare proposal, all taxi users would pay 10% of the meter rate (currently 90 cents for the average fare). Lift-van trips would cost 90 cents per trip up to a maximum of $35 per month for unlimited rides, and group van trips would cost 60 cents per trip. The Paratransit Coordinating Council has endorsed this fare proposal.

FY 1996-97 Paratransit Service Projections and Proposed Fares

mode	trips/year	cost to program/trip	proposed fare
group van	305,320	$7.62	60 cents/trip
lift-van	65,900	$22.77	90 cents/trip; $35 for monthly "Fast Pass"
taxi	584,800	$8.30	10% of meter fare for all users

Rationale

The Municipal Railway and the Paratransit Coordinating Council are supporting this new fare structure as a means to providing greater fare equity between modes for the San Francisco Paratransit Program. Under this proposal, Group Van and Lift Van modes will have flat, per trip fares, while the Taxi mode will average 90 cents per trip, based on a meter fare. In addition, taxi subsidies will no longer depend on income; all riders will pay 10% of the meter fare. Under this proposal, group van fares will be lower than the taxi and lift van modes because:

a) agencies which participate in the group van program provide substantial staff time to schedule trips, assist consumers, and otherwise administer the program. This participation makes the program more efficient;
b) many agencies provide vans--at no cost to the program--to be used for paratransit trips

Muni must be in full compliance with the ADA by January, 1997. The proposed fare structure will ensure that fares are equitable among paratransit modes and that paratransit fares do not exceed twice the full fixed-route fare, as mandated by the ADA. This proposed fare structure is one component of compliance that Muni must meet by January, 1997.

Background

The San Francisco Paratransit Program is considered among the finest in the nation. For more than 15 years, seniors and persons with disabilities have received extensive, personalized paratransit services. Since its inception, the number of trips provided has increased and the quality of service has improved. Last year over a million paratransit trips were provided in San Francisco to some 13,000 registered users. The projected budget for FY 96-97 is $11.1 million.

The funding sources include:

General Fund	$4,483,202
Transportation Authority (sales tax funds)	$4,746,000
BART ADA funding	$784,448
Commission on the Aging	$591,885
State Transit Assistance	$504,913
TOTAL	$11,110,451

San Francisco provides the greatest level of service of any paratransit program in the Bay Area. The following is a comparison between San Francisco and a few other local operators:

Comparable Paratransit Services Around the Bay Area

Agency	Fares/Trip	Annual trips/FY 94-95	Area Population
Municipal Railway (proposed fares)	lift-van: 90 cents / trip taxi: 10% of meter fare, currently 90 cents average fare, group van: 60 cents per trip	990,010*	730,000
Santa Clara County Transit	$2.20 (all modes)	326,000	1,541,000
SamTrans	$1 (individuals) $1.39-2.32 (group van)	184,828	650,000
Marin County Transit	$1.25 (lift-van mode)	50,388	238,000
Golden Gate Transit	$4-$9/trip	2,340	242,829
BART/AC Transit Paratransit Consortium	$1.75 - 5.25	na	+

**includes an estimated 19% shared taxi rides*
+ service area continually expanding to eventually include within 3/4 mile of all AC Transit/BART stations

Currently in San Francisco there is a list of approximately 350 people waiting to be processed for paratransit services. The Broker, Cerenio Management Group, receives approximately 250 new applications per month. In addition, the Broker is re-certifying all registered consumers using the Bay Area regional ADA assessment form.

Fundamental Components of the San Francisco Paratransit Program

❶ Affordability
San Francisco has long recognized that service is not accessible to disabled persons if it is not affordable to the people who need to use it. Approximately 85% of the paratransit consumers have incomes under $750 per month--it is important that fares be kept reasonable to allow full access to transportation. To this end, Muni has consistently maintained lower fares than many other transit properties (see chart above).

❷ Input from the Disability Community
Access to public transportation is essential to ensure mobility and independence for people with disabilities. Recognizing this importance, many people with disabilities serve on the Paratransit Coordinating Council (PCC). Comprised of paratransit consumers, service providers, and social service agency representatives, the PCC has provided a strong advocacy role since the inception of the paratransit program more than 15 years ago. It continues to serve as an advisory body to Muni and the Public Transportation Commission. Due to the efforts of this body and disabled consumers, the program has a proven record of effectively serving the disability community and working with Muni to be innovative.

The PCC has endorsed these fare increases for group van and lift-van as a means of bringing fare equity to the program by charging comparable fares for all modes. Furthermore, the PCC has acknowledged that the increase in services mandated by the ADA may create a funding shortfall. Muni recognizes the necessity of community participation in meeting these mandates. The community realizes that in order to meet the demands of the ADA, provide services to everyone in the City who needs it, and introduce fare parity among all modes, some sacrifices need to be made by current paratransit consumers.

Many PCC meetings were held to discuss the fare structure, and the PCC deserves credit for considering fare hikes even though these increases affect them as individuals. The PCC also recommends that this new fare structure be kept in place for a minimum of two years.

❸ Compliance with the Americans with Disabilities Act
Muni must meet the paratransit demands of the ADA by January 1997. These provisions will ensure that paratransit services are being provided to those who are *unable* to use Muni's fixed-route services. This new fare structure will help Muni meet the fare provisions of the ADA.

ADA paratransit demands which Muni must meet by January 1997

- assure that fares are not more than twice the full fixed-route fare ($2.00, in Muni's case)
- eliminate capacity constraints:
  --no waiting lists
  --no restriction on amount of service an individual may use

–assure that subscription trips are less than 50% of trips available at any time of the day (reservations for repeated service at same time every week)

–provide service to visitors

➢ certify and provide ADA services to all ADA-eligible applicants within 21 days

Some of the ways in which Muni paratransit services exceed the mandates of the ADA include:

➢ door-to-door service for van users, rather than curb-to-curb service
➢ same day scheduling for taxi users, rather than day before reservations
➢ stair assists for wheelchair users who have inaccessible residences
➢ pre-scheduled group trips, which do not require individuals to make their own reservations
➢ fares which are less than twice the full fixed-route fare

The disability community feels all these provisions are necessary to ensure a viable, user-friendly paratransit program which meets the needs of disabled consumers.

Conclusion

The proposed fare structure brings the San Francisco paratransit program into compliance with the fare mandates of the Americans with Disabilities Act, which require transit properties to charge no more than twice the full fixed-route fare.

This fare structure also addresses existing fare inequalities in the paratransit program by standardizing fares for all modes. Lift-van and the average taxi fare will be 90 cents per trip, regardless of the consumer's income. Group van fares will be 60 cents due to the extra assistance provided by the agencies, which reduces per trip cost to the program. It is anticipated that the proposed fares increases will generate sufficient revenue to offset the revenue lost by the increased subsidy for taxi users.

The proposed fares are significantly less than those of other Bay Area transit properties and less than what the ADA allows Muni to charge. Muni's goal is to make the program viable yet still affordable to allow consumers access to these comprehensive services.

OFFICE USE ONLY

PROPOSED PARATRANSIT BUDGET
FY 1996-97

Mode	$$ Amount	Estimate Trips	Unit Cost
TAXI	$4,854,233	584,800	8.30
LIFT-VAN	1,558,959	65,900	22.77
GROUP-VAN			
MV Transportation	1,147,837	146,970	7.81
Delancey	278,840	41,000	6.65
......Freewheelers	51,000	7,130	7.15(b)
Canon Kip	50,620	7,520	6.73
IPS	669,900	85,700	7.55 8.17(b)
Kimochi	112,500	15,000	7.50
Shanti	14,800	2,000	7.40
GROUP VAN SUBTOTAL	2,325,497	305,320	7.62
INTERCOUNTY			
Taxi	81,500	6,300	
Lift-van	11,500	500	
Comsis	2,000	800	
others	5,000	2,000	
Visitors	5,000	550	
<PTC TOTAL>	8,843,689	966,170	
COA	591,885(c)	80,690	6.75
SERVICE TOTAL	9,435,574	1,046,860	
Debit Card Program	50,000		
Photo Lab	40,000		
BROKER	1,584,877		
PROGRAM TOTAL	11,110,451	1,046,860	

(a) 3% COLA
(b) Also is mixed mode wheelchair rate
(c) Includes Broker cost = $47,351. Service level budget = $544,534

version 07-01-96, 15 16

Item 6 - File 172-96-39

Department: Department of Public Health (DPH)

Item: Resolution authorizing the Director of Public Health and the Purchaser to execute the fourth amendment to the contract between the City and County of San Francisco and Shared Medical Systems Corporation dated August 31, 1994.

Amount: $4,305,851

Source of Funds: Medi-Cal revenues: SB 1255 funds, which are provided to hospitals that receive a disproportionate share of Medi-Cal patients, as a percentage of their total patients.

Description: The proposed resolution would authorize the DPH to amend its $26,829,155 contract with Shared Medical Systems Corporation (SMS) for the fourth time, to purchase an estimated $4,305,851 in added computer software and services, bringing the total contract to $31,135,006.

The Board of Supervisors approved the original contract with SMS in 1994, at a cost of $21,319,026, to implement an expanded management information system (MIS) for the DPH (File 174-94-32). The specifications of the original contract were to link the District Health Centers, San Francisco General Hospital (SFGH), Laguna Honda Hospital (LHH), clinical laboratories, radiology, mental health and other DPH sites. Functions performed by the MIS include patient registration, appointment scheduling, billing, service orders and lab results, patient data, eligibility information and clinical records, using proprietary software developed by SMS. The contract, which is for the period from FY 1994-95 through FY 1999-2000, includes one-time installation charges and annual charges for use of the network connecting all DPH sites with each other and with SMS's MIS Systems Center in Malvern PA.

In April, 1995 the Board of Supervisors approved the first amendment to the SMS contract (File 172-94-32.1), which authorized expenditure of an additional $4,568,867 for MIS project management and implementation assistance. According to statements made by DPH officials at that time, the DPH had originally planned to contract with another consultant for these services, but found that SMS could provide the services at considerable savings to the City.

Two subsequent amendments to the SMS contract were made without Board of Supervisors approval, because the original contract approved by the Board of Supervisors

states that amendments of $500,000 or less require execution by the Director of the DPH and certification by the Controller, but not Board of Supervisors authorization. The second amendment, for $448,425, implemented the information systems for Mental Health pilot programs for managed care, for Pacificare (a managed care contract of the Physician Health Department Organization, which is the entity that contracts with the physicians to provide Medicaid managed care) and the San Francisco Health Authority. The third amendment, for $492,837, replaced an obsolete pharmacy MIS system at the SFGH with linkage to the integrated delivery system. The contract to date is summarized as follows:

Contract/Amendment	Amount
Original Contract Agreement	$21,319,026
Project Management and Implementation (First Amendment)	4,568,867
MIS for Mental Health, Pacificare & S.F. Health Authority (Second Amendment)	448,425
Pharmacy Module MIS Modification (Third Amendment)	492,837
Total Contract to Date	$26,829,155
Proposed Fourth Amendment	4,305,851
Total Contract with Proposed Amendment	$31,135,006

The proposed fourth amendment to the SMS contract would provide additional MIS software functions, as well as additional program management and implementation assistance. The elements of the products and services included in the proposed fifth amendment are summarized as follows:

- SMS would provide 4 FTEs of support and maintenance personnel for the balance of FY 1996-97 and for FY1997-98, to assist the DPH in ensuring that the systems that have already been developed and implemented by SMS pursuant to the existing contract are being used to optimize operations. Mr. Counter states that this assistance is needed in order to provide time for DPH staff to obtain training for ongoing support of the new systems. Mr. Counter advises that, currently, DPH MIS staff do not have time to pursue this training because they have been handling the operational issues which would be handled by SMS under the proposed contract amendment. (SMS staff have assisted the project management and program

implementation pursuant to the first amendment, but this fourth amendment would authorize staff to concentrate on operational issues.) Mr. Counter further advises that SMS staff are needed because the company is able to provide consistent staffing, whereas the DPH has an unstable personnel environment because MIS staff have limited tenure status, pending completion of an MIS classification study by the Department of Human Resources.

The total cost of $1,680,000 represents an hourly rate of $115 per hour for a total of approximately 14,560 hours of work.

Cost:	$1,680,000

- Purchase of Encounter software and clinical workstations, which would allow physicians and nurses to tailor the clinical data bases that have been installed by SMS to their particular practice patterns at all DPH clinical sites, to enhance the automation of case planning and standardization of clinical practices. The contract cost of $1,287,975 includes $348,802 for an estimated 2,603 hours of work at $134 per hour.

Cost, including licensing, implementation and user fees:	$1,287,975

- Purchase of SMS Management Solutions, a decision support system for use in fiscal and policy analysis, to use data from any source within the MIS system to perform statistical and programmatic analysis against definable standards. The contract cost of $848,300 includes $130,114 for an estimated 971 hours of work at $134 per hour.

Cost, including licensing, implementation and user fees:	$848,300

- Expansion of licensing for use of Diamond 6000, a system used for administration of managed care enrollment, eligibility and provider contracts to permit use of the system in the Division of Mental Health and Substance Abuse Service, the Physician Hospital Organization, and the San Francisco Health Authority.

Cost (monthly license fee of $10,126, with COLAs, for 46 months):	<u>$489,576</u>
TOTAL COST:	**$4,305,851**

Attachment 1 to this report shows a breakdown of expenditures per year on each element of the proposed fourth contract amendment of $4,305,851, as well as the total planned expenditures per year from the existing

contract and the first three amendments (totaling $26,829,155), for a combined total of $31,135,006.

Comments:

1. Mr. Counter states that the DPH MIS staff have anticipated the need for the types of new software applications (e.g. the Encounter software and the SMS Management Solutions) that would be purchased under the proposed amendment for some time. However, Mr. Counter states that such software was not included under previous SMS contract amendments because (1) SMS developed the technology for this software after the original contract with SMS was signed; and (2) the DPH did not have funding for these applications in its budget until FY 1996-97.

Attachment 2 to this report is a memo from the Electronic Information Processing Steering Committee (EIPSC), which states that the EIPSC has reviewed and approved the proposed contract amendment. Mr. Counter states that the EIPSC first approved the software included in the proposed contract amendment at the time that the original SMS contract was prepared, because such elements were anticipated at that time.

2. The DPH included $1,099,990 for the first year's expenses of the proposed fourth amendment to the SMS contract in the FY 1996-97 budget, to be funded with SB 1255 monies, which are discretionary funds that are paid by the State to hospitals that treat a disproportionate share of Medi-Cal patients. Ms. Monique Zmuda of the DPH states that funds to cover the balance of $3,205,861 to be expended from FY 1997-98 through the end of the contract in FY 1999-2000 are also expected to be obtained from SB1255 funds. Such funds could otherwise potentially be used to reduce the General Fund support for the SFGH.

3. The DPH retained the Superior Consulting Company, Inc. in 1995 to conduct a quality assurance and project deliverable review of the existing SMS contract to ensure that SMS project deliverables conform to project specifications and meet the strategic business needs of the DPH. Mr. Counter reports that the $250,000 contract (involving previously budgeted funds) was awarded to Superior Consulting Company, Inc. as a result of a competitive Request for Proposals process that was managed jointly by the DPH and the Controller. Attachment 3 to this report is a statement from Mr. Ed Zak of Superior Consulting Company, Inc., summarizing the results of the quality assurance and project deliverable review of the SMS contract to date.

4. The $10,126 proposed expanded monthly license fee for the use of the Diamond 6000 system was budgeted to start on September 1, 1996. Mr. Counter advises that the proposed expanded use of the Diamond 6000 system will not start until January 1, 1997. Therefore, the proposed resolution should be amended to reduce the total cost of $4,305,851 by $40,504 ($10,126 x 4 months), to $4,265,347.

5. The proposed resolution states that it is "estimated" that the cost of the proposed fourth amendment will not exceed $4,305,851 (or $4,265,347, as recommended in Comment 4). In the professional judgment of the Budget Analyst, the proposed resolution should be amended to state that the cost of the proposed amendment shall not exceed $4,265,347, and that any amount in excess of $4,265,347 be subject to separate legislative approval of the Board of Supervisors.

6. Mr. Counter advises that further amendments to the SMS contract will probably be requested in the future, based on anticipated MIS needs of the DPH. Attachment 4 to this report summarizes such anticipated amendments, although Mr. Counter states that he is unable to estimate the maximum cost of such amendments at this time.

Recommendations: 1. Amend the proposed resolution to reduce the total cost of $4,305,851 by $40,504 to $4,265,347.

2. Amend the proposed resolution to reflect that the cost of the proposed fourth contract amendment will not exceed $4,265,347 and that any amount in excess of $4,265,347 be subject to approval by the Board of Supervisors.

3. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

The following table summarizes funding for the projects by fiscal year:

SHARED MEDICAL SYSTEMS CONTRACT AMENDMENT							
PROJECTS	FY 94/95	FY 95/96	FY 96/97	FY 97/98	FY 98/99	FY 99/2000	TOTALS
4 FTE Support & Maintenance	0	0	720,000	960,000	0	0	1,680,000
License/ Fees for Decision Support	0	0	93,330	0	0	0	93,330
Implement/Modify Decision Support	0	0	0	72,900	0	0	72,900
Decision Support On-Going User Fees	0	0	0	218,500	227,240	236,330	682,070
License/ Fees for Clinical Workstations	0	0	186,660	0	0	0	186,660
Implement/Modify Clinical Workstations	0	0	0	197,100	0	0	197,100
Clinical Workstation On-going User Fees	0	0	0	289,664	301,251	313,300	904,215
Diamond Application User Fees and Maintenance	0	0	100,000	124,800	129,792	134,984	489,576
TOTALS	0	0	1,099,990	1,862,964	658,283	684,614	4,305,851

	FY 94/95	FY 95/96	FY 96/97	FY 97/98	FY 98/99	FY 99/2000	TOTALS
Original Contract and Amendments	7,159,306	3,573,102	3,431,520	3,065,374	4,677,823	4,922,030	26,829,155
TOTALS	7,159,306	3,573,102	4,531,510	4,928,338	5,336,106	5,606,645	31,135,006

The professional rates for on-going system support to insure that critical clinical systems remain fully operational during the implementation phase are $115 per hour and are projected to continue until Departmental staff are reclassified and trained in the new systems. Additional professional fees for specialized services related to the implementation and testing of new systems are charged at a rate of $134 per hour. Please note that these rates are inclusive of all costs, including travel and incidental costs related to the professional services delivered.

SMS is an Affirmative Action Employer, subject to the U.S. Department of Labor Office of Federal Contract Compliance Programs. SMS passed audits conducted by the Federal government in 1989 and 1993, and are currently undergoing an audit at this time.

Thank you for your consideration.

DC1125B

Attachment 2

CITY AND COUNTY OF SAN FRANCISCO
ELECTRONIC INFORMATION PROCESSING STEERING COMMITTEE

Edward Harrington, Controller
EIPSC Chair

TO: Dave Counter

FROM: Deborah Vincent-James dvj

DATE: November 25, 1996

SUBJECT: Shared Medical (SMS) Direct Purchase Order

EIPSC NO. 96-83/01/019 FY 1996-97

The Electronic Information Processing Steering Committee (EIPSC) has reviewed and approved the contract amendment to the original agreement for your department's software items for the Shared Medical (SMS) for the Management Care Phase II/Clinical Workstation and Decision Support System.

It is understood that a "Sole Source" case was established earlier for this upgraded system purchase and this is a continuation of this project.

DVJ:gg

eipapvlt

401 Van Ness Avenue, Room 433 San Francisco CA 94102
Phone (415) 554-4141 - Fax (415) 554-4047

HEALTHCARE
INFORMATION
MANAGEMENT

TO: Anne Jenkins, Principal Financial Analyst
Office of the Controller, City & County of San Francisco
David Counter, Director-Management Information Systems
Department of Public Health, City & County of San Francisco

FROM: Ed Zak, Superior Consultant Company, Inc.

CC: Cathy Neher, Superior Consultant Company, Inc.

DATE: November 20, 1996

RE: Status Summary, Quality Assurance and Project Deliverable Review
RFP # 95-C01
Project 559-5010

EXECUTIVE SUMMARY

During the past several months, Superior Consultant Company Inc. (Superior) and Goggio & Associates (Goggio) have assisted the City & County of San Francisco (CCSF) by conducting the Quality Assurance and Project Deliverable Review project. Summarized below are the significant accomplishments and outstanding issues:

- Three QA reviews have been conducted to assess SMS's compliance with the deliverables identified in its contract with CCSF and to assure the products already implemented or in the process of being implemented will meet the information processing requirements identified by CCSF.

- Selected additional assessments have been conducted to evaluate options proposed by SMS in response to CCSF's requirements that have expanded or been refined during the implementation process in response to changes external to CCSF.

- The results of these reviews and assessments have indicated significant progress has been made in implementing the various components of the new information system environment.

  INVISION, OPENLINK, DIAMOND, SIGNATURE and the EAD/INVISION application suites have been placed into production. Various elements of the LIFETIME CLINICAL RECORD have been brought on-line with additional information sets scheduled for near term implementation. Integration of the various application suites is pending with full Implementation targeted for the February or March 1997.

- The Project Steering Committee for the MIS/Community Health Network has met regularly under the direction of Drs. Halversen and Brody and provided comprehensive input on issues related to the implementation process. Current concerns regarding (1) date-certain delivery of the integration between applications and (2) changes in CCSF requirements that may change the usage and related benefits derived from the SIGNATURE application suite are being addressed.

We currently do not foresee any reason to expect less than full compliance by SMS with the delivery of contracted products and services. However, it is possible and, perhaps, even probable that a fully integrated information solution could be somewhat delayed. The actual "go live" for the integration of the EAD and COMMON REGISTRATION functions remain critical path issues.

It is the opinion of Superior that the CHN Implementation Project remains an extremely challenging activity that demands substantial time and effort from CCSF and SMS resources. However, we believe the commitment by all parties to be sufficient to meet this challenge and have noted that SMS has gone beyond the anticipated support levels in the contract to insure the successful implementation and integration of the SMS products. Overall the CHN Implementation Project has enjoyed numerous successes in introducing a comprehensive set of information system solutions throughout the CCSF Health System.

Management Information Systems

Department of Public Health, City and County of San Francisco
1380 Howard Street - Third Floor, San Francisco, CA 94103 (415) 255-3600

MEMORANDUM

November 25, 1996

TO: Monique Zmuda, Chief Financial Officer

FROM: David Counter, Director, DPH-MIS

SUBJECT: Possible Future Amendments to the Shared Medical System (SMS) Master Agreement.

As part of the approval process regarding the current contract amendment for SMS, the Board of Supervisors Budget Analyst has requested that any potential additional contract amendments which might occur in the future be identified.

While any future amendments must be in response to business needs defined by the Department of Public Health, there is a possibility that other SMS products such as Laboratory, Radiology, Home Healthcare and Nursing Acuity Classification might be chosen as appropriate automated solutions for these areas.

In addition, due to the dynamic nature of the healthcare environment in San Francisco, it may be necessary to further expand the capabilities of existing systems such as the Diamond Managed Care system to handle an increase in provider agencies and managed care enrollees if the Department seeks to expand administrative operations to additional organizations.

Actual costs for these potential acquisitions or expansions would be determined when the business decisions are made to reflect appropriate pricing structures and usage volumes.

Cc: Eve Steinberg
Board of Supervisor Budget Analyst

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Item 7 - File 161-96-8

Department: San Francisco Redevelopment Agency (SFRA)

Item: Hearing to consider the quarterly report of the SFRA's fiscal condition and performance and of all temporary personnel assignments that have been extended or may be extended beyond six months.

Description: The Board of Supervisors approved Resolution No. 330-94 in April of 1994, requiring that the SFRA provide a quarterly report to the Board of Supervisors on the Agency's fiscal condition and performance and on temporary personnel assignments that have been extended, or may be extended, beyond six months. Resolution No. 330-94 also requires that periodic public hearings be held by the Board of Supervisors to consider the status of all SFRA programs.

The subject quarterly report, which is contained in the Board of Supervisors file, is for the first quarter of FY 1996-97 and consists of (1) a summary report showing actual expenditure variances with the SFRA's FY 1996-97 budget by project and by Personnel/Administration; (2) a Project Status Report all SFRA projects; and (3) a listing of temporary personnel assignments that have extended or may be extended beyond six months.

Comments: 1. SFRA's budgeted versus actual expenditures for the FY 1996-97 first quarter are shown in the table on the following page. There have been no reported revisions to the SFRA's original 1996-97 budget. Although the reporting period covered represents 25 percent of the fiscal year, the SFRA has only expended or encumbered approximately 10.6 percent of its FY 1996-97 budget. Mr. Graves, SFRA Executive Director, states that the low expenditure rate for the first quarter of the fiscal year is normal, due to such factors as time required to initiate projects. Mr. Graves advises that the SFRA plans to expend most if not all of its entire FY 1996-97 budget by the end of the fiscal year.

2. Regarding temporary personnel assignments that have extended, or may be extended beyond six months, the SFRA reports that a total of 17 such employees are in that status, including 11 interns, as shown in the Attachment to this report.

Project	Original FY 1996-97 Budget	Actual Expenditures and Encumbrances
Yerba Buena Center	$15,016,000	$1,060,109
Yerba Buena Gardens and Cultural	4,884,000	1,119,930
Rincon Point/South Beach	3,370,000	3,458
South Beach Harbor	1,933,000	739,034
South of Market	5,571,000	30,705
Western Addition A2	10,192,000	599,885
Economic Development	1,627,000	1,159,761
Citywide Housing Programs (Including HOPWA)	14,961,000	1,643,637
Hunters Point	531,000	100,000
South Bayshore	1,220,000	3,738
Trans Bay Terminal	850,000	0
Golden Gateway	1,598,000	0
Hunters Point Shipyard	4,084,000	118,250
Indian Basin	530,000	0
Central Relocation	0	0
Federal Office Building (GSA Site)	6,745,000	0
Mid Market	175,000	0
Mission Bay	530,000	0
North of Market	500,000	0
Ballpark	635,000	0
Personnel and Administration	10,756,000	2,479,111
Totals	$85,708,000	$9,057,618

3. The Budget Analyst notes that the format of the SFRA's Quarterly Report provides significantly more information than earlier versions. However, the Budget Analyst suggests that the SFRA include the following additional information on its future quarterly reports submitted to the Board of Supervisors:

a. A summary from the Executive Director. Initially (the First Quarter Report) should primarily outline major objectives for the fiscal year. As the fiscal year progresses, results in achieving such objectives should be reported.

b. Expenditures and encumbrances from project inception to date should be included on each SFRA quarterly report submitted to the Board of Supervisors instead of just expenditures and encumbrances incurred during the specific quarter.

H. M. Rose

Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Steve Agostini
Paul Horcher
Ted Lakey

SAN FRANCISCO REDEVELOPMENT AGENCY
Temporary Employee Listing

Name	Classification	Date of Hire	Expected Term. Date	Remarks
Eila Arbuckle	Sr. Development Specialist	7/1/93	6/30/97	Economic Development support until Mayor's Office staffing competed
Gene Choy	Development Specialist	7/1/93	1/31/97	Assigned to Mayor's Office of Community Development
Donald Coltman	Harbor Security Officer	4/23/96	6/30/97	Replacing permanent employee on leave without pay
Stanley Muraoka	Associate Planner	4/4/96	6/30/97	Planning support required for Survey Area planning and EIR studies
Amy Neches	Project Manager	1/31/95	6/30/97	Previously assigned to Treasure Island; now assigned to GSA
Lawrence Smith	Harbor Security Officer	4/23/96	6/30/97	Replacing Contracted Service at essentially the same cost
Ben Au-Yeung	Intern	7/8/96	12/31/96	Assistant to engineering staff
Lifang Chiang	Intern	6/20/95	6/30/97	Project adoption support for GSA ard Mid-Market survey areas
Peter Cohen	Intern	6/24/96	6/30/97	Project adoption support for Transbay survey area
Derrek Fleming	Intern	6/10/96	6/30/97	Project adoption support for Mission Bay survey area
Dario Harper	Intern	6/10/96	2/1/97	Blight analysis/land use study for South of South of Market area
Larry Hollingsworth	Intern	6/10/96	2/2/97	Blight analysis/land use study for South of South of Market area
Lisa King	Intern	6/20/95	6/30/97	Project adoption support for South Bayshore survey area
Teresa Ojeda	Intern	6/10/96	6/30/97	Support for Mid-Market survey area EIR
Kymberlee Pittman	Intern	7/1/96	6/30/97	Project adoption support for Transbay survey area
Chris Potter	Intern	7/1/96	6/30/97	Perform Agency-wide geography, cartography and graphics services
Tohn Smith	Intern	6/18/96	6/30/97	Support for Mid-Market survey area EIR

MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, DECEMBER 11, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:21 P.M.

BOND

1. File 170-96-9. [Geary Courtyard Revenue Bonds] Resolution approving the reissuance of not to exceed $18,000,000 aggregate principal amount of City and County of San Francisco Multi-Family Housing Revenue Bonds, 1988 Issue B; approving the amended and restated Lender Loan Agreement and Indenture of Trust; approving the amended and restated loan agreement; approving the first amendment to Regulatory Agreement and Declaration of Restrictive Covenants; approving the form of an amended and restated bond; ratifying previous actions; and authorizing the execution and delivery of documents and instruments. (Mayor's Office of Housing)

   (Consideration continued from 12/4/96)

   SPEAKERS: DEPARTMENTAL REPRESENTATIVE: "Mike Martin, Office of the Mayor. IN SUPPORT: None. OPPOSED: None.

   ACTION: HEARING HELD. CONSIDERATION CONTINUED TO JANUARY 15, 1997, MEETING.

   VOTE: 3-0.

GENERAL

2. File 7-96-7. [Contracted Paratransit Services] Resolution approving a revised fare schedule for the San Francisco Municipal Railway's contracted paratransit services. (Public Transportation Commission)

(Consideration continued from 12/4/96)

SPEAKERS: ELECTED OFFICIAL: Supervisor Yaki. DEPARTMENTAL REPRESENTATIVE: Emilio Cruz, Director of Transportation, Municipal Railway; Ted Lakey, Deputy City Attorney. IN SUPPORT: Nanette Hendricks, Paratransnit Council. OPPOSED: August Longo; Jose Caedo, past Chair, Paratransit Council; Cathy Davis, Bayview/Hunters Point Health Center; Bruce Oka, Paratransit Council; Elizabeth Dunlap.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Change from a resolution to an ordinance. Delete "Lift Van" and "Group Van". AMENDED TITLE: "Ordinance approving a revised fare schedule for the San Francisco Municipal Railway's contracts paratransit services."

VOTE: 3-0.

RELEASE OF RESERVE

3. File 94-92-8.2. [Reserved Funds, Municipal Railway] Consideration of release of reserved funds, Municipal Railway (Federal Surface Transportation Funds), in the amount of $715,000 to fund MUNI's direct contractual needs for the continued implementation of the dynamic envelope facility modifications in support of the new light rail vehicles. (Municipal Railway)

ACTION: HEARING HELD. RELEASE OF $715,000 APPROVED. FILED.

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Gail Bloom, Municipal Railway. IN SUPPORT. None. OPPOSED: None.

VOTE: 3-0.

4. File 101-94-76.3. [Reserved Funds, City Administrator] Consideration of release of reserved funds, City Administrator (Convention Facilities Fund), in the total amount of $778,277, for funding the capital improvements for the Children's Place and Moscone Center. (City Administrator)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF $778,277 APPROVED. FILED.

VOTE: 3-0.

FISCAL

5. File 101-96-22. [Appropriation, Department of Human Services] Ordinance appropriating and rescinding $144,585, Department of Human Services, of salaries for the creation and deletion of five (5) positions, for fiscal year 1996-1997. (Controller) RO #96130 (COMPANION TO THE FOLLOWING FILE)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

6. File 102-96-5. [Salary Ordinance Amendment, Department of Human Services] Ordinance amending Ordinance No. 298-96 (Annual Salary Ordinance, 1996/97) reflecting the creation of five (5) positions (Class 2916 Social Worker Specialist) and the deletion of five (5) positions (Class AB10 Social Worker Specialist), in the Department of Human Services. (Department of Human Services) (COMPANION TO THE PRECEDING FILE)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

7. File 101-96-23. [Appropriation, Rent Arbitration Board] Ordinance appropriating $247,000, Rent Arbitration Boad, of Neighborhood Development Special Revenue Funds to salaries, fringe benefits and professional services for data base development and temporary staff for fiscal year 1996-97. (Controller) RO #96137

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce temporary slaries by $4,907 and fringe benefits by $384 for a total reduction of $5,291. AMENDED TITLE: "Ordinance appropriating $241,709, Rent Arbitration Boad, of Neighborhood Development Special Revenue Funds to salaries, fringe benefits and professional services for data base development and temporary staff for fiscal year 1996-97.

VOTE: 3-0.

8. File 97-96-61. [Comprehensive Municipalization Feaibility Study] Ordinance amending the San Francisco Administrative Code Section 11.8 to require the Public Utilities Commission to prepare a feasibility study regarding municipalization of the electric utilities distribution systems in San Francisco. (Supervisor Alioto)

(From Select Committee on Municipal Public Power meeting of November 27, 1996, for fiscal impact consideration.)

SPEAKERS: ELECTED OFFICIAL: Supervisor Alioto. DEPARTMENTAL REPRESENTATIVES: Ted Lakey, Deputy City Attorney; Harvey Rose, Budget Analyst. IN SUPPORT: Bruce Brugmann, Bay Guardian; Joel Ventressa, Chair, San Franciscans for Public Power. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. TABLED. On Page 1, amend section (b) to read: "The Public Utilities Commission shall prepare and submit to the Board of Supervisors not later than May 1, 1998 a full and comprehensive study regarding the feasibility of municipalizing the electric utilities distribution system in the City and County of San Francisco, proivded that any contractor or consultant preparing all or portions of the study shall be selected by the Public Utilities Commission from a list of experienced contractors and consultants compiled by the American Public Power Association."

VOTE: 2-1. (Supervisor Bierman dissenting.)

9. File 172-96-44. [Annual Payment Agreement, CCSF-Port Commission] Resolution approving the Annual Payment Agreement between San Francisco Port Commission and City and County of San Francisco, by and through its Board of Supervisors regarding payment of parking fine revenues from Port property. (Port Commission)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Dennis Bouey, Director, Port of San Francisco; Steve Agostini, Director of Finance, Office of the Mayor; Ted Lakey, Deputy City Attorney; Paul Horcher, Department of Parking and Traffic. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

10. File 101-96-24. [Appropriation, Public Library] Ordinance appropriating $1,601,488, Public Library, for salaries-miscellaneous for fiscal year 1996-97 - $1,257,927 from Public Preservation Fund, $129,977 from the General Fund Reserve and $211,684 from fees and Federal grant revenues and miscellaneous revenues; rescinding $83,600 of membership fees, other contractual services (Library Preservation Fund) and $1,900 of materials and supplies (General Fund). (Controller) RO #9616

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ken Dowlin, City Librarian; Steve Agostini, Director of Finance, Office of the Mayor; Ed Harrington, Controller; Ted Lakey, Deputy City Attorney. IN SUPPORT: None. OPPOSED: Julie Olson; Bill Gilliam; H. Amlona.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

11. File 101-96-25. [Appropiration, Medical Examiner/Coroner] Ordinance appropriating $19,222, Medical Examiner/Coroner, from General Fund Reserve (Sudden Infant Death Syndrome Revenue) to purchase computer equipment for fiscal year 1996-97. (Controller) RO #96146

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Herb Holly representing Medicial Examiner/Coroner. IN SUPPORT: None. OPPOSED: None.

ACTION: AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation by $285. AMENDED TITLE: "Ordinance appropriating $18,937, Medical Examiner/Coroner, from General Fund Reserve (Sudden Infant Death Syndrome Revenue) to purchase computer equipment for fiscal year 1996-97."

VOTE: 3-0.

12. File 101-96-26. [Appropiration, Board of Supervisors] Ordinance appropriating $17,626, Board of Supervisors, from the General Fund Reserve for salaries and fringe benefits for the creation of one (1) posiion for fiscal year 1996-97. (Controller) RO #96165 (COMPANION TO THE FOLLOWING FILE)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

13. File 102-96-7. [Salary Ordinance Amendment, Board of Supervisors] Ordinance amending Ordinance No. 298-96 (Annual Salay Ordinance, 1996/97) reflecting the creation of one (1) posiition (Class 1361 Special Assistant II), in the Board of Supervisors. (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

14. File 101-96-27. [Appropriation, Mayor's Office] Ordinance rescinding $517,483 from a capital project for stadium naming rights at Recreation and Park and transferring it to salaries, fringe benefits, travel, training, professional services, materials and supplies, equipment and services of other departments for the creation three (3) positions at the Mayor's Office to review financing and development options for a stadium to replace 3Com Park, for fiscal year 1996-97. (Controller) RO #96166 (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Stuart Sunshine, Office of the Mayor; Steve Kawa, Office of the Mayor. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING NEW TITLE PRESENTED IN COMMITTEE. ADOPTED. AMENDMENT OF THE WHOLE RECOMMENDED. NEW TITLE: "Ordinance rescinding 493,006 from a capital project for stadium naming rights at Recreation and Park and transferring it to salaries, fringe benefits, travel, training, professional services, materials and supplies, equipment and services of other departments for the creation of three (3) positions at the Mayor's Office in FY 1996-97 to review financing and development options for a stadium to replace 3Com Park, placing $360,000 on reserve."

VOTE: 3-0.

15. File 102-96-6. [Salary Ordinance Amendment, Mayor's Office] Ordinance amending Ordinance No. 298-96 (Annual Salary Ordinance, 1996/97) reflecting the creation of three (3) positions (Class 1376 Special Assistant XVII, 1372 Special Assistant XIII, and 1450 Executive Secretary I), in the Mayor's Office. (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Stuart Sunshine, Office of the Mayor; Steve Kawa, Office of the Mayor. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

TIME MEETING ADJOURNED: 4:33 P.M.

Public Library, Documents Dept.
Attn: Kate Wingerson

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

December 6, 1996

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: December 11, 1996 Budget Committee Meeting

Item 1 - File 170-96-9

Note: This report is based on an Amendment of the Whole dated November 18, 1996. This item was continued at the Budget Committee meeting of December 4, 1996. As of the writing of this report, the Mayor's Office of Housing had not yet completed its responses to inquiries made by the Budget Committee at its December 4, 1996 meeting.

Department: Mayor's Office of Housing

Item: Resolution (1) approving the reissuance of not to exceed $18,000,000 aggregate principal amount of City and County of San Francisco Multifamily Housing Revenue Bonds (1988 Issue B); (2) approving the amended and restated lender loan agreement and indenture of trust; (3) approving the amended and restated loan agreement; (4) approving the first amendment to regulatory agreement and declaration of restrictive covenants; (5) approving the form and an amendment to construction and permanent deed of trust with assignment of rents and fixture filing; (6) approving the form of an amended and restated bond; (7) ratifying previous actions; and (8) authorizing the execution and delivery of documents and instruments.

Amount: Up to $18,000,000

Source of Funds: City and County of San Francisco Multifamily Housing Revenue Bonds

Description: Mr. Joe LaTorre of the Mayor's Office of Housing reports that the Geary Courtyard Project (the "Project") is an existing 164-unit apartment building located at 623 Geary Street (between Leavenworth and Jones Streets). Construction of the Project was initiated in 1988 and completed in 1990. Twenty percent of the Project's rental units, or approximately 33 units, are reserved for low-income households at specified rents affordable to that income level. Attachment I, which is a memo from Mr. LaTorre, provides background and other pertinent information on the proposed Project. According to Mr. LaTorre, the reason that the bonds are being reissued is to improve the financial stability of the Project.

As stated in the proposed resolution, the City and County of San Francisco issued tax exempt Multifamily Housing Revenue Bonds, 1988 Issue B (Geary Courtyard Project) (the "Bonds"), in accordance with a Lender Loan Agreement and Indenture of Trust between the City, Capital Realty Investors Tax Exempt Fund III Limited Partnership (the "Prior Bondholder"), and Bankers Trust Company of California, National Association, as succeeded by First Trust of California, National Association, as trustee (the "Trustee"). The Bonds were issued in the amount of $18,000,000 on August 1, 1988, and were sold on that date to the Prior Bondholder. According to Mr. LaTorre, the proceeds from the Bond sale amounted to $18,000,000, which was also the amount of the loan to the Developer.

The City used the Bond proceeds to make a loan (the "Loan") to Geary Courtyard Associates, a California Limited Partnership (the "Developer"), pursuant to a Loan Agreement between the City, the Developer, and the Prior Bondholder, dated August 1, 1988, to provide financing for the "Project."

As a result of payment delinquencies on the Bonds by the Developer, an affiliate of the Prior Bondholder, who is to become the New Bondholder, namely Capital Realty Investor Tax Exempt Fund Ltd., became the general partner of the Developer in 1991, according to Mr. LaTorre. Further, Capital Realty Investor Tax Exempt Fund Ltd. (the "New Bondholder") intends to acquire the Bonds from the Prior Bondholder (Capital Realty Investors Tax Exempt Fund III

Limited Partnership), through a merger transaction with the Prior Bondholder.

According to the proposed legislation, the New Bondholder, at the time of its acquisition of the Bonds, intends to take the following actions:

a. Forgive the Developer and forever discharge all interest on the Bonds (other than Construction Period Deferred Base Interest) which was not paid when due and request that the City forgive the Developer and forever discharge all corresponding unpaid interest accrued on the Loan.

b. Delete all provisions pertaining to the payment of Contingent Interest from the Bonds, the Lender Loan Agreement and Indenture of Trust and the Loan Agreement, amend the interest rate on the Bonds to a rate which floats with the PSA (Public Securities Association) Index, and provide for the payment of interest on the first day of each month.

c. Eliminate all provisions of remarketing[1] from the Bond documents and extend the maturity date of the Bonds by 10 years to a date not later than December 1, 2018. The current maturity date of the Bonds is December 1, 2008.

d. Reduce the principal amount of the Bonds by \$1,000,000, from \$18,000,000 to \$17,000,000, and add to such reduced principal amount of the Bonds and the Loan all unpaid Construction Period Deferred Base Interest owed by the Developer to the Prior Bondholder that has accrued as of the date the New Bondholder acquires the Bonds. As of the writing of this report, the amount of unpaid interest being added to the face value of the bonds is \$693,865.

e. Convey the Bonds to US Trust Company of New York, as trustee of several newly-formed New York business trusts. In a secondary market transaction, the trustee intends to (a) place the Bonds in one of the New York business trusts with other multifamily housing revenue bonds issued by other issuers; (b) issue trust certificates representing interests in such pool of bonds held by the trusts to investors pursuant to a private placement; and

[1] According to Mr. LaTorre, remarketing of bonds is the purchase of bonds by a designated remarketing agent from an existing bondholder and, in turn, the sale of those bonds to other investors.

(c) credit enhance the trust certificates with a letter of credit.

According to the proposed legislation, approval of the proposed resolution would cause the City to take the following actions:

a. Extend the term of the "Regulatory Agreement and Declaration of Restrictive Covenants"[2] from 2008 to 2018;

b. As the "applicable elected representative" of the City under Section 147 (f) of the Internal Revenue Service Code, the Board of Supervisors would approve the reissuance, execution and delivery of the Bonds to satisfy the public approval requirements of Section 147 (f) of the Code;

c. Approve the form of the Amended and Restated Loan Agreement submitted to the Board of Supervisors, with such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

d. Approve the form of the First Amendment to the Regulatory Agreement and Declaration of Restrictive Covenants submitted to the Board of Supervisors, with such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

e. Approve the form of the Amendment to Construction and Permanent Deed of Trust with Assignment of Rents and Fixture Filing submitted to the Board of Supervisors, with such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

f. Approve the form of the Amended and Restated Bond submitted to the Board of Supervisors, with such additions, corrections, and revisions as may be necessary or desirable as determined in accordance with the terms of this proposed resolution;

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[2] According to Mr. LaTorre, an agreement between the City and the Developer imposing certain requirements on the Developer.

g. Approve, confirm, and ratify all actions heretofore taken with respect to the Bonds by officials, employees, or agents of the City;

h. Further authorize any City official authorized by this proposed resolution, including the Mayor or the Mayor's designated representative, to execute any document in consultation with the City Attorney, and to approve and make such changes, additions, amendments or modifications to the document or documents as may be necessary or desirable, provided that such changes do not authorize an aggregate principal amount of Bonds in excess of $18,000,000;

i. Authorize the Clerk of the Board of Supervisors, the City Treasurer, the City Administrator, the Controller, the Mayor's Office of Housing, and the City Attorney to take any and all steps and to execute and deliver any and all certificates, requisitions, agreements, notices, consents, and other documents which such officials might deem necessary or appropriate in order to effect the provisions of the proposed resolution.

Comment: As previously noted, Attachment I to this report is a memorandum from Mr. LaTorre providing background information of the Geary Courtyard Project and other pertinent information on the proposed Bond reissuance. Attachment II is a memorandum from Mr. LaTorre responding to inquiries made by the Budget Analyst concerning this proposed legislation.

Summary: 1. According to the Mayor's Office of Housing, the purpose of this proposed legislation, which would authorize the reissuance of up to $18,000,000 in City and County Multifamily Housing Revenue Bonds, is to improve the financial stability of the Geary Courtyard Project, a 164 unit apartment building at 623 Geary Street.

2. The City issues tax-exempt housing revenue bonds, as an accommodation to private developers, in order to facilitate the financing of housing projects that include such socially desirable policies as reserving a percentage of the rental units for low-income households. With respect to the subject Project, Mr. LaTorre reports that under the terms of the City's regulatory agreement, 20 percent of the units, or approximately 33 of the 164 apartment units in the 623 Geary Street Courtyard Project, are required to be rented to low-income households at specified rents affordable to that income level.

3. As reported by Mr. LaTorre, the City is not a party to the development of the Project. The City is acting as a conduit for purposes of the developer obtaining tax-exempt financing. With respect to the City's exposure to financial risk in the proposed bond reissuance, Ms. Catherine Payer of the City Attorney's Office advises that the City is only obligated to make payments to the Bondholder to the extent that the Developer makes such payments to the City. According to Ms. Payer, the City would not incur any liability as a result the proposed legislation and the related project, unless the City or the Trustee failed to comply with standard securities and tax requirements, or the Bond Indenture.

4. As reported by Mr. LaTorre, the benefits to the Developer in having the City issue tax-exempt bonds to finance the Project are obtaining (1) a lower interest rate on the Bonds than could normally be obtained through conventional financing (typically a reduction of 1.5 to 2 percent), (2) financing which covers both the construction period and permanent period[3], instead of just one or the other and (3) financing during the long-term permanent period (20 to 40 years depending on the bond term) instead of the conventional market term of the ten years or less for this type of project. For this project, Mr. LaTorre estimates that the interest rate at the time of issuance will be 7 percent instead of approximately 9 percent.

Mr. LaTorre further advises that the City benefits from the proposed reissuance of the Bonds because the Internal Revenue Code requires that at least 20 percent of the units be restricted to low-income rents and a low-income occupancy for the life of the bonds, or for at least ten years if the bonds are called by the Trustee.

5. Under the terms of the proposed Lender Loan Agreement, the City would forgive and forever discharge all unpaid and owed interest to the City. However, this is a technicality because the City acts only as a conduit for receiving the bond payments and therefore the City is not owed any interest, other than the amounts to be received by the City and then payable to the bondholder.

6. The current Project is generating insufficient cash flow to cover debt and other expenses because, according to Mr. LaTorre, operating expenses have risen faster than rents.

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[3]According to Mr. LaTorre, the permanent period is the period in the Project's life following construction.

Mr. LaTorre further advises that the cash flow projections made by the Developer for the City at the time of the project approval in 1988 projected sufficient rents in excess of expenses. According to Mr. LaTorre, the City relied on the Prior Bondholder's assertion in 1988 that it (the Prior Bondholder) had received from the Developer complete information as to the cash flow and risks entailed in the project.

7. As of the writing of this report MOH has not performed a detailed financial analysis of the proposed Project. However, Mr. LaTorre reports that "Although cash flows are represented to still be negative, we have been told by the Swiss Bank and the Zurich Bank that the level is acceptable to the credit enhancement provider." Mr. LaTorre further advises that in the case of Bonds which are credit-enhanced (usually by a letter of credit) and credit-rated, assessing the financial viability of the project is the responsibility of the letter of credit provider, the Swiss Bank and the Zurich International (Bermuda) Ltd., which bears any credit risk from the project. The Geary Courtyard bonds were privately placed with Capital Realty Investors Tax Exempt Fund III Limited Partnership, which performed the financial analysis because the risk was borne by Capital Realty Investors Tax Exempt Fund III Partnership.

8. According to Mr. LaTorre, there are two other outstanding multifamily housing revenue bond issue projects which are experiencing difficulties, namely, the City's 1985, $2,600,000 Multifamily Housing Revenue Bonds for Aspen South Hills, located in Hunters Point, and the City's 1988A, $21,500,000 Multifamily Housing Revenue Bonds for Sutter/Post Apartments located at 840 Post Street. According to Mr. LaTorre, if requested by the project owners, the MOH will be submitting legislation pertaining to those two projects which will be similar to this subject legislation.

9. According to Mr. LaTorre, the proceeds from this proposed bond reissuance would be used to redeem the full amount of the outstanding 1988 by payment of $17,000,000, and to pay the Construction Period Deferred Base Interest in the amount of $693,865 owed the Prior Bondholder by the Developer.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors. The Mayor's Office has requested that this item be continued to the Budget Committee Meeting of January 15, 1997.

BOARD OF SUPERVISORS
BUDGET ANALYST

November 22, 1996

TO: Stan Jones, Budget Analyst

FROM: Joe LaTorre

SUBJECT: Geary Courtyard Revenue Bonds Resolution
File No. 170-96-009

I am providing the following information to assist you in your analysis of the proposed resolution referenced above.

The Project

The project is an existing 164-unit apartment building located at 623 Geary Street. It was financed by the issuance of housing revenue bonds in 1988 in the amount of $18,000,000 (which are being re-funded in the current transaction), and completed in 1990. Under the terms of the City's regulatory agreement, 20% of the units are required to be rented to low-income households at specified rents affordable to that income level.

The Proposed Restructuring

The current holder of these bonds is a real estate investment trust, which was also a financial partner in the original development entity. Since about 1991, the project has not been covering debt service, and control of the partnership passed to the bondholder at that time. The development owner and bondholder are currently proposing to forgive the accrued interest on the loan and the bonds, and to transfer the bonds into a trust composed of about twenty similar projects. The trust would be credit enhanced, and the trust certificates sold to investors. For the City, the stability of the financing is improved through the credit enhancement. Although the City's bonds are not directly credit enhanced, the enhancement of the trust means that the investors will have no reason to seek redemption of the bonds and a recourse for nonpayment.

Why Action by the Board of Supervisors Is Required

In the past, transfer of bonds and provision of credit enhancement did not normally require an action of the Board of Supervisors, since the original resolution and bond documents contemplated such actions. However, we are advised by the developer and bond counsel that new IRS regulations, as of September 23, 1996, direct that addition of credit

Memo re Geary Courtyard
November 22, 1996
Page 2

enhancement be treated as a technical reissuance of the original bonds. Since reissuance requires the consent of the City as Issuer.

Interest Rate on the Bonds

The bonds are variable rate bonds, reset on a weekly basis. In recent weeks, the rate has been approximately 4.5%. This will remain unchanged in the reissuance.

Cost of Redemption and Cost of Reissuance

The developer is also paying all costs of both the redemption and the reissuance transaction, including bond counsel and financial advisor fees, the City Attorney fees, and an Issuer's Fee to MOH for our administrative costs. The issuer fee will be deposited into the Housing Program Fees Fund as established by Section 10.117-100 of the Administrative Code, and will be expended as provided in the Code.

Fiscal Cost to the City

The issuance of tax-exempt housing revenue bonds is done by the City as an accomodation to private developers. No City funds of any kind are advanced in the transaction, and the City's faith and credit is explicitly not pledged for payment of the bonds or for any other purpose. The bondholders are made aware that their guarantee of repayment is solely the revenues of the project. Therefore, the City has not incurred and will not incur any fiscal cost as a consequence of either the original bond issuance or the reissuance.

Specific Advantages to the City

As a part of the proposed transfer of the bonds to the new bondholder, credit enhancement is being provided to secure payments of interest and principal to the bondholder. From the City's point of view, the stability of the financing and of the overall project is improved through the credit enhancement. Also as a part of the restructuring, the owners have agreed to extend the affordability requirements on the 20% affordable units from their current "later of" 10 years after completion (1998) or the maturity of the bonds (2008) to the later of 2011 or the new maturity date of the bonds (2018). Thus, if the bonds are paid off early, the City has gained 13 years of affordability; if the bonds reach maturity the City gains 10 years.

Consequences if the Resolution is not Approved

In addition to losing the enhanced affordability, the principal consequence is the risk of project default. At the project's current income level, the project is showing a negative

cash flow. This creates an incentive for the developer to undermaintain the property, to default on the bond loan, and to seek release of the affordability restrictions at the earliest possible date. The reissuance and provision of credit enhancement will guarantee payments on the bonds, and the credit enhancer will enforce maintenance and other requirements. Therefore, the project will be stabilized and the risk of default will be reduced.

Please let me know if you have any further questions. I can be reached at 252-3188.

FAX TRANSMISSION MEMORANDUM

MAYOR'S OFFICE OF HOUSING

NUMBER OF PAGES (INCLUDING COVER SHEET): 5
IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL (415) 252-3188

November 25, 1996

TO: Stan Jones

FROM: Joe LaTorre

SUBJECT: Geary Courtyard Bonds
File No. 170-76-9
Responses to your Questions as of 11/25/96

Q. 1 (forgiveness)

Unpaid interest is owed to the City under the Loan Agreement; however, all payments received under the Loan Agreement are in turn pledged to be paid to the bondholders (i.e. the City is simply a conduit). Because the bondholder is willing to forgive the interest, the City is in turn being asked to forgive the interest owed to it under the Loan Agreement. The City receives no consideration since it is not owed any amounts other than the pledged revenues.

Q. 2 (City's financial interest)

The City is not a party to the project (i.e. the development itself), but only as a conduit for tax exempt financing. As mentioned above, the City's pledge consists solely of the principal and interest payments received under the Loan Agreement from the developer. The City has no other financial interest other than receipt of its fee as administrator of the bond issue. The City's faith and credit is not pledged to payment on these bonds.

Q. 3 (cash flow projection)

MOH has been provided with representations made by the developer to the bondholder (United States Trust) regarding the current and post-transaction cash flows of the project. My fax copy of this information is marginally legible; I have attached a copy for your files which I hope is readable. However, we have not analyzed the accuracy of these representations and do not make any recommendation as to approval or disapproval of the transaction based on these representations.

Q. 4 (benefits of tax-exempt bond issuance)

Under the Internal Revenue Code, the City issues tax exempt bonds and lends the

proceeds to the developer. The developer benefits from an (1) interest rate on the bonds and loan which is lower than conventional financing (typically by 1.5-2%), (2) financing which covers both construction and permanent periods, and (3) financing which is long-term (twenty to forty years depending on the bond term). The bondholder benefits by holding tax-exempt bonds. The City benefits because the tax code requires that at least twenty percent of the units be restricted to low-income rents and occupancy for the life of the bonds, or for at least ten years.

Q. 5 (insufficient cash flow)

The project is generating insufficient cash flow because, for the last six years since the project was completed, operating expenses have risen faster than rents. The cash flows presented to the City at the time of project approval in 1988 projected rents rising faster than expenses, so that, within a short time after completion, the project would experience increasing net income. As with other tax-exempt housing bonds, the City did not conduct extensive analysis and underwriting of the developer's proforma. In the case of bonds which are credit enhanced (usually by a letter of credit) and credit rated, this is the responsibility of the letter of credit provider, who bears the risk. The Geary Courtyard bonds were privately placed with CRITEF, which did this analysis because they bore the risk in this case.

Q. 6 (proposed principal reduction)

It is the City's understanding that the reduction of the principal amount is being carried out to bring the overall debt within a targeted carrying capacity of the project. Although cash flows are represented to still be negative, we have been told that the level is acceptable to the credit enhancement provider. The reduction will not have any effect on the City, since both bond principal and loan principal are being reduced in like amounts.

Q. 7 (other bond issues)

There are two other outstanding multifamily housing revenue bond issues which MOH is aware are experiencing difficulties. The City's 1985 $2,600,000 Multifamily Housing Revenue Bonds (Aspen South Hills) is an FHA insured deal. The project has been experiencing negative cash flows. To date, the developer has been using non-project funds to cover the operating deficit and make debt service payments. Several months ago, MOH met with the developer to discuss possible restructuring of the issue, including reissuance of the bonds. The developer is currently studying its alternatives and will be recontacting the City before the end of the year.

The other project experiencing difficulties is that funded by our 1988A $21,500,000 Multifamily Housing Revenue Bonds (Sutter/Post Apartments). Due to cash flow difficulties and the expiration of the letter of credit in 1994, both the project and the bonds were sold to a new entity, which has since transferred title to both to Bay Apartment Communities. In the absence of a letter of credit, the City has required that the bonds be held by one entity which qualifies as a "sophisticated investor" and is fully aware of the risks and liabilities of the transaction. Bay Apartment Communities is required to secure a letter certifying any potential acquirer of the bonds to be such a "sophisticated investor."

Bay Apartment Communities has proposed to secure credit enhancement of the bonds from Fannie Mae. MOH is currently negotiating with Bay and Fannie Mae to effect this transaction. If terms are reached, the restructuring will constitute a reissuance and, as such, be subject to the approval of the Board of Supervisors. Should mutually acceptable terms not be reached, the project will continued to be owned by Bay Apartment Communities and the bonds by either Bay or a qualified "sophisticated investor."

Q. 8 (CRITEF entities)

It is our understanding that the transfer between CRITEF, Ltd. and CRITEF III Limited Partnership is being carried out in order to facilitate transfer of the bonds to another (unrelated) entity, United States Trust Company. We understand the partnership structure of the current bondholder is being dissolved.

Q.9 (resale and reissuance)

In the present transaction, the reissued bonds will be sold to United States Trust Company. The proceeds of the sale will simultaneously be paid to the trustee, First Trust California, which will use the funds to redeem the outstanding 1988 bonds by payment to that bondholder (CRITEF).

Q. 10 (loan amount; bond counsel costs)

The maximum amount eligible for reissuance under the tax code is $18,000,000, the amount of the outstanding bonds. The $1 million reduction of the principal amount of the loan and bonds is addressed in question 6 above. The amount of $693,865 being added to the loan amount represents accrued and unpaid construction period base interest, which is eligible for inclusion under the tax code. The planned actual amount of the bond issuance will be $17,693,865. CRITEF is paying the bond counsel fee, financial advisor fee, City attorney expenses and other costs of issuance to the bond trustee directly at the close of the bond transaction.

Q. 11 (legal default)

As noted in question 2, the City's obligation consists only of paying amounts collected under the Loan Agreement to the bondholder; consequently, the City cannot be in a payment default. Because the bonds and project are owned by the same entity, the bondholder has not chosen to declare a default for nonpayment of interest, since such a default would automatically accelerate the loan and cause it to become immediately due. To the best of our knowledge, the City has fulfilled all of its obligations under the Lender Loan Agreement and other documents to which the City is a party.

Q. 12 (change in interest rate)

The interest rate under the current bonds consists of a base rate of 9.085% and a contingent interest additional amount which depends on project performance. The proposed structure calls for a variable rate interest, and future interest may therefore be higher or lower than the current rate. As of the October 16, the new interest rate formula yielded an interest rate of 7%, representing a savings over the current rate.

Q. 13 (ownership)

The land and building are owned by Geary Courtyard Associates, a limited partnership. The general partner of Geary Courtyard Associates is currently CAPREIT of Geary Courtyard, Inc. a CRITEF affiliate.

Q. 14 (amended and restated bond)

The Amended and Restated Bond is the text of the actual bond which the City will issue, for the entire amount of the issuance.

Item 2 - File 7-96-7

Note: This item was continued by the Budget Committee at its meeting of December 4, 1996.

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Resolution approving a revised fare schedule for the San Francisco Municipal Railway's contracted paratransit services.

Background: Paratransit services are door to door taxi and van services for persons who have difficulty using the services of the Municipal Railway (MUNI). Paratransit services are provided as alternative transportation opportunities to City residents who (a) are elderly or disabled, (b) file an application which requests paratransit services and (c) are certified for such services by the MUNI's Paratransit Broker, based on the Americans with Disabilities Act (ADA) eligibility criteria.

MUNI's Paratransit Broker is Cerenio Management Group (CMG), a private company currently under contract with MUNI. The contract amount is $1,584,877 in FY 1996-97. CMG administers paratransit services in San Francisco. In addition to certifying ADA eligible clients for the Paratransit Program, CMG markets the City's Paratransit Program, manages the taxicab scrip reimbursements, oversees competitive bids for the lift- and group van sub-contractors, coordinates agreements for out-of-town trips with comparable services provided by BART, Golden Gate Transit, SAMTRANS, etc., handles rider complaints and provides on-going monitoring of and reporting of paratransit activities.

After ADA eligibility has been certified by the Paratransit Broker, the eligible paratransit user may purchase:

- taxicab scrip at 10 percent of face value, or a 90 percent discount, of a taxicab ride. The scrip is used in the place of cash to pay for taxicab fares. This service is for paratransit clients whose trips are individual in nature, e.g. shopping or personal appointments. The trips are provided through four taxi companies (Yellow Cab Cooperative, Luxor Cab, DeSoto Cab and National Cab) 24 hours a day, 7 days a week. As noted above, the paratransit client pays 10 percent while the City pays 90 percent of the total cost of the taxicab fare.

- a monthly $8.00 pass for unlimited rides on a lift-van for eligible customers using wheelchairs. For this service

Cereno Management Group contracts with a single subcontractor, MV Transportation, who operates lift vans. The service is available seven days a week, 24 hours per day, and requires at least a one day advance notice for a reservation to provide sufficient time for the scheduling of trips.

- a monthly $8.00 pass to ride with organizations which have an agreement with the Cerenio Management Group, to transport eligible paratransit riders in group vans on prescheduled trips. At the present time there are six group van companies funded directly by the Public Transportation Commission, MV Transportation, Delancy Street, Canon Kip, Industrial Passenger Services, Kimochi and Shanti, and seven companies funded directly by the Commission on Aging, John King Senior Center, Centro Latino, Canon Kip, Kimochi, MV Transportation, Self Help for the Elderly and Grosvenor. Service is available 24 hours per day, seven days a week, and is demand driven. For such trips, organizations work directly with the Cereno Management Group (CMG) to provide their members with group van transportation services.

MUNI estimates that approximately 13,000 San Francisco residents are currently eligible for paratransit services, although not all of these persons use the paratransit services on a regular basis.

Description: Under the proposed paratransit fare schedule:

(1) Currently paratransit users with incomes of under $750 per month pay 10 percent of the taxicab meter fare. The remaining 90 percent is paid from City revenues appropriated for the Paratransit Program, resulting in a 90 percent discount to these riders. However, paratransit users with incomes of $750 per month, or over, currently pay 50 percent of the taxicab meter fare with the other 50 percent paid by City revenues, resulting in a 50 percent discount. Because recent changes to the provisions of the Americans with Disabilities Act (ADA) require that all such fares be the same, MUNI is proposing to delete all income requirements for the taxicab services. Therefore all paratransit users would pay 10 percent of the taxicab meter fare regardless of income resulting in all users receiving a 90 percent discount in the taxicab fare.

(2) Currently, lift-van users pay $8.00 for a monthly pass for unlimited rides. Under the proposed fare revisions, lift-van

users would either pay $0.90 per lift-van trip or pay $35.00 for a special monthly MUNI pass from the Paratransit Broker, who has affixed a special decal that identifies the client as eligible for the lift-van service. Therefore, the cost of the monthly pass will increase by 338 percent ($8.00 to $35.00).

(3) Currently, group van users pay $8.00 for a monthly pass for unlimited rides. Under the proposed fare revisions, a monthly pass will no longer be available and instead group van users would pay $0.60 per trip. This proposed fare would either result in an increase or decrease to the group van user depending on the number of actual trips taken in any particular month. If the group van user takes 13 or less trips per month, there would be a savings (13 times $0.60 equals $7.80). If the group van takes 14 or more trips a month, the fares will increase (14 times $0.60 equals $8.40).

In Fiscal Year 1996-97 fare revenues account for 6.4 percent of the total Paratransit Services Program. Such fare revenues are expected to continue at the same level if the proposed fares are approved.

Description	Amount	Percent of Total
Paratransit Fares[1]	$ 712,817	6.4
General Fund Contribution	3,770,388	33.9
Transportation Authority (sales tax funds)	4,746,000	42.7
ADA funding	784,448	7.1
Commission on the Aging	591,885	5.3
State Transit Assistance	504,913	4.6
Total	$11,110,451	100.0

Comments:

1. Attachment 1 to this report shows the present and proposed paratransit fares requested by the Public Transportation Commission and provides a comparison of costs and usage among the three different modes of transportation. This attachment also identifies the funding sources of the Paratransit Program, compares paratransit services provided in the Bay Area and identifies the different types of services provided under the City's Paratransit Program.

[1] Based on actual fares collections received in FY 1995-96.

2. Attachment 2 to this report provides the FY 1996-97 paratransit budget as approved by the Board of Supervisors. The total Paratransit budget for FY 1996-97 is $11,110,451.

3. Ms. Annette Williams of MUNI states that the proposed fare decreases associated with the taxicab scrip mode of paratransit services will reduce annual revenues to the City by an estimated $136,000. Offsetting these decreases in revenues are the proposed increases associated with the lift-van and group van paratransit services which are estimated to result in net increased annual revenues of $138,000. Therefore, the proposed fare revisions are estimated to result in estimated additional annual revenues of $2,000.

4. As previously noted, the proposed decrease in the taxicab fares are being implemented in order to comply with revised ADA requirements.

Recommendation: Approval of the proposed revised paratransit fare schedule is a policy matter for the Board of Supervisors.

PUBLIC TRANSPORTATION COMMISSION

MUNICIPAL RAILWAY

PARATRANSIT FARE CHANGE PROPOSAL

SUMMARY

Paratransit service in San Francisco is provided by the Paratransit Broker through a contract with Muni to certified consumers and in three different modes: Group Van, Lift Van and Taxi. This heavily subsidized program delivers about 1 million trips at a cost of approximately $11 million annually. Lift van trips are the most costly, accounting for 7.8% (72,167) of the total trips, but 16.9% of the expenditures ($1.66 million). The Group Van service carries 30% (275,335) of the trips, but requires only 20.9% of the total costs ($2.04 million). Taxis are responsible for 54.2% (498,405) of trips, while expending 41.8% of the budgeted resources ($4.08 million). In addition, 73,089 trips or 8.0% of the total trips are special group trips through the Commission on the Aging for an additional 5.5% of the budget ($.5 million).

The current paratransit fare structure is variable both within the Taxi mode and across modes. Currently, paratransit riders pay different fares according to their income, and users of different paratransit modes pay disparate fares. The result of this variable pricing is counter to the intent of the Americans with Disabilities Act which takes full effect in January, 1997. Two important aspects of the proposed fare change will (1) allow Muni to be in compliance with the ADA fare regulations and (2) eliminate existing fare inequities across modes. The proposed change is NOT intended as a revenue generating measure. Indeed, the proposed fare change will decrease fares for some paratransit users and raise fares for others, resulting in no net change in revenue generation. In addition, fares account for less than seven percent of the program's total revenues, and the proposed changes will not alter the proportion of revenue sources for this program. The following table reflects the current and proposed paratransit fares.

MODE	CURRENT	PROPOSED
Taxi	10% of meter fare if income under $750/mo. 50% of meter fare if income is over $740/mo.	10% of meter fare for all users.
Lift Van	$8.00 per month	90 cents per trip $35 per monthly pass
Group Van	$8.00 per month	60 cents per trip

San Francisco Paratransit Program Fare Structure Recommendations and Background Information

Proposal

It is proposed that fares be modified in the San Francisco paratransit program to comply with the Americans with Disabilities Act and to ensure equitable fares between modes in the program. Under this fare proposal, all taxi users would pay 10% of the meter rate (currently 90 cents for the average fare). Lift-van trips would cost 90 cents per trip up to a maximum of $35 per month for unlimited rides, and group van trips would cost 60 cents per trip. The Paratransit Coordinating Council has endorsed this fare proposal.

FY 1996-97 Paratransit Service Projections and Proposed Fares

mode	trips/year	cost to program/trip	proposed fare
group van	305,320	$7.62	60 cents/trip
lift-van	65,900	$22.77	90 cents/trip; $35 for monthly "Fast Pass"
taxi	584,800	$8.30	10% of meter fare for all users

Rationale

The Municipal Railway and the Paratransit Coordinating Council are supporting this new fare structure as a means to providing greater fare equity between modes for the San Francisco Paratransit Program. Under this proposal, Group Van and Lift Van modes will have flat, per trip fares, while the Taxi mode will average 90 cents per trip, based on a meter fare. In addition, taxi subsidies will no longer depend on income; all riders will pay 10% of the meter fare. Under this proposal, group van fares will be lower than the taxi and lift van modes because:

a) agencies which participate in the group van program provide substantial staff time to schedule trips, assist consumers, and otherwise administer the program. This participation makes the program more efficient;
b) many agencies provide vans--at no cost to the program--to be used for paratransit trips

Muni must be in full compliance with the ADA by January, 1997. The proposed fare structure will ensure that fares are equitable among paratransit modes and that paratransit fares do not exceed twice the full fixed-route fare, as mandated by the ADA. This proposed fare structure is one component of compliance that Muni must meet by January, 1997.

Background

The San Francisco Paratransit Program is considered among the finest in the nation. For more than 15 years, seniors and persons with disabilities have received extensive, personalized paratransit services. Since its inception, the number of trips provided has increased and the quality of service has improved. Last year over a million paratransit trips were provided in San Francisco to some 13,000 registered users. The projected budget for FY 96-97 is $11.1 million.

The funding sources include:

General Fund	$4,483,202
Transportation Authority (sales tax funds)	$4,746,000
BART ADA funding	$784,448
Commission on the Aging	$591,885
State Transit Assistance	$504,913
TOTAL	$11,110,451

San Francisco provides the greatest level of service of any paratransit program in the Bay Area. The following is a comparison between San Francisco and a few other local operators:

Comparable Paratransit Services Around the Bay Area

Agency	Fares/Trip	Annual trips/FY 94-95	Area Population
Municipal Railway **(proposed fares)**	lift-van: 90 cents / trip taxi: 10% of meter fare, currently 90 cents average fare, group van: 60 cents per trip	990,010*	730,000
Santa Clara County Transit	$2.20 (all modes)	326,000	1,541,000
SamTrans	$1 (individuals) $1.39-2.32 (group van)	184,828	650,000
Marin County Transit	$1.25 (lift-van mode)	50,388	238,000
Golden Gate Transit	$4-$9/trip	2,340	242,829
BART/AC Transit Paratransit Consortium	$1.75 - 5.25	na	+

**includes an estimated 19% shared taxi rides*
+ service area continually expanding to eventually include within 3/4 mile of all AC Transit/BART stations

Currently in San Francisco there is a list of approximately 350 people waiting to be processed for paratransit services. The Broker, Cerenio Management Group, receives approximately 250 new applications per month. In addition, the Broker is re-certifying all registered consumers using the Bay Area regional ADA assessment form.

Fundamental Components of the San Francisco Paratransit Program

❶ Affordability
San Francisco has long recognized that service is not accessible to disabled persons if it is not affordable to the people who need to use it. Approximately 85% of the paratransit consumers have incomes under $750 per month--it is important that fares be kept reasonable to allow full access to transportation. To this end, Muni has consistently maintained lower fares than many other transit properties (see chart above).

❷ Input from the Disability Community
Access to public transportation is essential to ensure mobility and independence for people with disabilities. Recognizing this importance, many people with disabilities serve on the Paratransit Coordinating Council (PCC). Comprised of paratransit consumers, service providers, and social service agency representatives, the PCC has provided a strong advocacy role since the inception of the paratransit program more than 15 years ago. It continues to serve as an advisory body to Muni and the Public Transportation Commission. Due to the efforts of this body and disabled consumers, the program has a proven record of effectively serving the disability community and working with Muni to be innovative.

The PCC has endorsed these fare increases for group van and lift-van as a means of bringing fare equity to the program by charging comparable fares for all modes. Furthermore, the PCC has acknowledged that the increase in services mandated by the ADA may create a funding shortfall. Muni recognizes the necessity of community participation in meeting these mandates. The community realizes that in order to meet the demands of the ADA, provide services to everyone in the City who needs it, and introduce fare parity among all modes, some sacrifices need to be made by current paratransit consumers.

Many PCC meetings were held to discuss the fare structure, and the PCC deserves credit for considering fare hikes even though these increases affect them as individuals. The PCC also recommends that this new fare structure be kept in place for a minimum of two years.

❸ Compliance with the Americans with Disabilities Act
Muni must meet the paratransit demands of the ADA by January 1997. These provisions will ensure that paratransit services are being provided to those who are *unable* to use Muni's fixed-route services. This new fare structure will help Muni meet the fare provisions of the ADA.

ADA paratransit demands which Muni must meet by January 1997

- assure that fares are not more than twice the full fixed-route fare ($2.00, in Muni's case)
- eliminate capacity constraints:
  --no waiting lists
  --no restriction on amount of service an individual may use

–assure that subscription trips are less than 50% of trips available at any time of the day (reservations for repeated service at same time every week)
–provide service to visitors
- certify and provide ADA services to all ADA-eligible applicants within 21 days

Some of the ways in which Muni paratransit services exceed the mandates of the ADA include:

- door-to-door service for van users, rather than curb-to-curb service
- same day scheduling for taxi users, rather than day before reservations
- stair assists for wheelchair users who have inaccessible residences
- pre-scheduled group trips, which do not require individuals to make their own reservations
- fares which are less than twice the full fixed-route fare

The disability community feels all these provisions are necessary to ensure a viable, user-friendly paratransit program which meets the needs of disabled consumers.

Conclusion

The proposed fare structure brings the San Francisco paratransit program into compliance with the fare mandates of the Americans with Disabilities Act, which require transit properties to charge no more than twice the full fixed-route fare.

This fare structure also addresses existing fare inequalities in the paratransit program by standardizing fares for all modes. Lift-van and the average taxi fare will be 90 cents per trip, regardless of the consumer's income. Group van fares will be 60 cents due to the extra assistance provided by the agencies, which reduces per trip cost to the program. It is anticipated that the proposed fares increases will generate sufficient revenue to offset the revenue lost by the increased subsidy for taxi users.

The proposed fares are significantly less than those of other Bay Area transit properties and less than what the ADA allows Muni to charge. Muni's goal is to make the program viable yet still affordable to allow consumers access to these comprehensive services.

OFFICE USE ONLY

PROPOSED PARATRANSIT BUDGET
FY 1996-97

Mode	$$ Amount	Estimate Trips	Unit Cost
TAXI	$4,854,233	584,800	8.30
LIFT-VAN	1,558,959	65,900	22.77
GROUP-VAN			
MV Transportation	1,147,837	146,970	7.81
Delancey	278,840	41,000	6.65
......Freewheelers	51,000	7,130	7.15(b)
Canon Kip	50,620	7,520	6.73
IPS	669,900	85,700	7.55 8.17(b)
Kimochi	112,500	15,000	7.50
Shanti	14,800	2,000	7.40
GROUP VAN SUBTOTAL	2,325,497	305,320	7.62
INTERCOUNTY			
Taxi	81,500	6,300	
Lift-van	11,500	500	
Comsis	2,000	800	
others	5,000	2,000	
Visitors	5,000	550	
<PTC TOTAL>	8,843,689	966,170	
COA	591,885(c)	80,690	6.75
SERVICE TOTAL	9,435,574	1,046,860	
Debit Card Program	50,000		
Photo Lab	40,000		
BROKER	1,584,877		
PROGRAM TOTAL	11,110,451	1,046,860	

(a) 3% COLA
(b) Also is mixed mode wheelchair rate
(c) Includes Broker cost = $47,351. Service level budget = $544,534

version 07-01-96, 15 16

Item 3 - File 94-92-8.2

Department: Municipal Railway (MUNI)

Item: Release of reserved funds for contractual services for the continued implementation of MUNI's fixed facility modifications in support of new larger light rail vehicles (LRVs).

Amount: $715,000

Source of Funds: Federal Surface Transportation Funds

Description: In October of 1992, the Board of Supervisors approved a resolution authorizing the Public Utilities Commission (PUC) to apply for, accept and expend $1.2 million of Federal Surface Transportation Funds and $300,000 of local and regional matching funds, for a total of $1.5 million to provide financing for the design and rehabilitation of MUNI's fixed facilities (Resolution No. 907-92, File 94-92-8). The modifications to MUNI's fixed facilities include alterations to subway, surface and maintenance facilities to accommodate larger light rail vehicles (LRVs) than are currently in service in the MUNI fixed rail system. Of the total $1.5 million authorized, $1,273,862 was placed on reserve for procurement, construction and contingency costs, pending the selection of the contractors, the MBE/WBE/LBE status of the contractors and the contractors' cost details. MUNI is now requesting the release of $715,000 of the total of $1,273,862 placed on reserve.

Mr. Kam Shadan of MUNI reports that the construction firm of L. K. Comstock & Co., Inc. was selected, as the lowest responsive bidder, based on a bid amount of $622,970 to perform the required facility modifications at two MUNI LRV storage yards, located on Geneva Street at San Jose Avenue, to accommodate the new larger LRVs. Specifically, at each of the two facilities, L.K. Comstock & Co., Inc. would be responsible for modifying the electrical system, the structural columns located in each of the facilities, the doors of the facilities, and the overhead trolley wires. L.K. Comstock & Co., Inc. is neither an MBE or a WBE firm. According to Mr. Shadan, MUNI received one other bid from the firm of Kingston Constructors, Inc. for an amount of $982,000.

Mr. Shadan advises that construction contingency funds of $92,030 (or approximately 15 percent of the contract

cost) are also requested for release, representing a total request of $715,000.

Comment: MUNI has provided the following contract and subcontract cost details, including the MBE and WBE participation, for the $622,970 construction contract. The contract cost details are as follows:

<u>Prime Contractor (69.5%)</u>	
L.K. Comstock & Co., Inc.	$432,970
<u>Subcontractor, MBE (17.66%)</u>	
A. Ruiz Construction	110,000
<u>Subcontractor, WBE (12.84%)</u>	<u>80,000</u>
Subtotal	$622,970
Construction Contingency	<u>92,030</u>
Total Estimated Project Cost	$715,000

Recommendation: Approve the proposed release of reserved funds.

<u>BOARD OF SUPERVISORS</u>
BUDGET ANALYST

Item 4 - File 101-94-76.3

Department: City Administrator
San Francisco Redevelopment Agency (SFRA)

Item: Hearing to consider release of reserved funds in the amount of $778,277 for funding the capital improvements for the Children's Place and Moscone Center.

Amount: $778,277

Source of Funds: Previously reserved Convention Facilities Fund monies and 1994 Lease Revenue Bond proceeds

Description: The Board of Supervisors previously approved a supplemental appropriation ordinance of Convention Facilities Fund monies ($16,416,384) and 1994 Lease Revenue Bond proceeds ($15,700,965) for a total amount of $32,117,349 in March of 1995 (File No. 101-94-76) to provide funding for (1) debt service on San Francisco Redevelopment Agency (SFRA) Hotel Tax Revenue Bonds (Series 1994), (2) debt service on SFRA Lease Revenue Bonds (Series 1994) (Moscone Convention Center), (3) capital improvements to the Moscone Center, and (4) construction of the Children's Center to be located on the roof of Moscone Center South. The Board reserved $22,973,794 of the $32,117,349 supplemental appropriation pending the selection of contractors, the MBE/WBE status of the contractors, and contract cost details.

Of the $22,973,794 in previously reserved funding, the Budget Committee released $679,500 in July of 1995, for the purpose of developing the bid specifications and architectural drawings for the capital improvement projects. The Budget Committee also released $165,300 in February of 1996 for the purpose of funding capital improvement projects for the Moscone Center. Therefore the remaining sum on reserve of the original $22,973,794 is $22,128,994.

This request is to release $778,277 from the remaining reserved amount of $22,128,994 for the purpose of funding five capital improvement projects at the Moscone Center.

The Attachment to this report, prepared by the Convention Facilities Management staff, provides the contractors selected and method of selection, the MBE/WBE status of the contractors, the hours and hourly rates of consultants, and a description and the contract costs details for each of the five proposed projects.

Budget: A summary budget for the five capital improvement projects is as follows:

Project	Contractor	Amount
American with Disabilities Act (ADA) Restroom Upgrade	LEM Construction	$579,045
Paint Loading Docks	W.G. Thompson	10,551
Waste Management Study	Joan Edwards & Associates Recycling by Nature:	55,000
Protective Rail for Art Commission Artwork	TIOPA Contracting Design	12,017
Carpeting for Hall E	Innovative Flooring System Suneast Carpet	121,664
Total		$778,277

Recommendation: Release funding in the amount of $778,277, as requested.

BOARD OF SUPERVISORS
BUDGET ANALYST

OFFICE OF THE
CITY ADMINISTRATOR

WILLIE L. BROWN, JR.
MAYOR

WILLIAM L. LEE
CITY ADMINISTRATOR

To: Jack

From: John

Date: November 15, 1996

Re: Capital Improvement Project Funding Release Request

Per our conversation, following is a summary of the proposed capital improvement projects at Moscone. Let me know if I can provide any further information.

1. **Restroom Upgrades**: Lem Construction, Inc. (MBE) will be completely retrofitting five sets of restrooms located in Moscone Center South. This construction project will bring these restrooms into full compliance with the American with Disabilities Act. Based upon a survey that was completed by the Department of Public Works, the restrooms do not currently meet the standards set forth by the ADA and must be properly retrofit. If this project does not proceed, the City would face possible litigation for not complying with ADA standards. The restrooms would be worked on during normal operating hours. The current operator of the Moscone Center is Spectacor Management Group/Thigpen, Ltd./joint venture. Funds Requested: $579,045. Method of Selection: Bid Process.

2. **Subsurface Loading Dock Painting Project**: Thompson, Inc. was selected as the lowest, most responsive bidder on this project. By implementing specific recommendations made by the State Health Department and Cal OSHA, this project will greatly improve visibility, efficiency and safety in the subsurface loading docks of the convention facility. Funds Requested: $10,551. Method of Selection: Bid Process.

3. **Waste Management Study**: Joan Edwards & Associates and Recycling by Nature, a joint venture, are both women owned businesses. They will be performing a comprehensive waste management study of the convention facility. This study, to be jointly managed by the City's Solid Waste Management Program and Moscone Center staff, has been designed to meet solid waste reduction and recycling standards set forth by the City and State. This contract

includes implementation of recommendations, which will also result in dramatically reduced waste hauling expenses and environmental preservation. Funds Requested: $55,000. Method of Selection: Request for Proposals. Average Hourly Rate: $100 ($50 each). Number of Hours: 550.

4. **Stainless Steel Railing**: TIOPA Contracting Design will be designing and installing a stainless steel railing in front of the showcase displaying artifacts found during excavation of the Moscone Center site. On the large wall immediately above these artifacts is a sizable art piece, painted by local Chinese artist Hung Liu, outlining the early Yerba Buena area of San Francisco, now home to the Moscone Center, the Museum of Modern Art and the Yerba Buena Gardens. The painting and display of artifacts were authorized through the cooperation of the City's Art Commission. This rail will serve two purposes: to protect the showcase and painting from damage, and to provide a barrier that has been designed in full compliance with the ADA. TIOPA designed and installed the showcase, and is responsible for regular maintenance. Funds Requested: $12,017. Method of Selection: Contractor is the original vendor selected by the Art Commission.

5. **Carpeting Hall E**: Innovative Flooring Systems, Inc. represents the manufacturer of the carpet to be installed by Suneast Carpet (MBE) in Hall E. The existing carpet is in a severe state of disrepair and is in dire need of replacement. This newly specified carpet is more durable than the existing in that it will resist heavy traffic, particularly forklift and marklift activity, to a much greater degree. Over the past several years, Suneast Carpet has performed many installations at Moscone. Funds Requested: $121,664. Method of Selection: Bid Process.

Please call me with any questions or for further clarification.

Items 5 and 6 - Files 101-96-22 and 102-96-5

Department: Department of Human Services (DHS)

Items: File 101-96-22 - Ordinance appropriating and rescinding $144,585 for Permanent Salaries to allow for the creation and deletion of five positions at the Department of Human Services for FY 1996-97.

File 102-96-5 - Ordinance amending the FY 1996-97 Annual Salary Ordinance to create five positions and to delete five positions in the Department of Human Services.

Amount: $144,585

Source of Funds: Previously appropriated Department of Human Services FY 1996-97 budget funds.

Description: In 1994, based on the results of a classification study conducted for the Department of Human Services (DHS) by an outside consultant, the Department of Human Resources (DHR) recommended approval and the Board of Supervisors approved (1) the creation of a new 2913 Program Specialist classification, and (2) the reclassification of 50 DHS employees from various classifications into the new 2913 Program Specialist classification. According to Ms. Julie Murray Brenman of DHS, at that time, the DHS also requested the reclassification of five additional 2912 Senior Social Worker positions into the 2913 Program Specialist classification. However, the DHR did not recommend the reclassification of those five 2912 Senior Social Worker positions because those positions were providing support functions for the DHS's social services programs and not DHS's income maintenance programs, which was the function of the other 50 employees reclassified into the 2913 Program Specialist classification.

Therefore, the five employees remained in their original 2912 Senior Social Worker classification. The DHR reclassified these five positions into a temporary AB10 Social Work Specialist classification, pending the completion of a DHR classification study to determine the correct permanent classification for the five employees. Ms. Murray Brenman advises that funding in the amount of $249,912 for the five temporary AB10 Social Work Specialist positions was approved by the Board of Supervisors in the DHS's FY 1996-97 budget.

Ms Murray Brenman advises that the DHR has now completed their classification study, and has recommended the creation of a new permanent 2916 Social Work Specialist classification for the five employees in the temporary AB10 Social Work Specialist classification.

The proposed ordinance (File 102-96-5) would amend the FY 1996-97 Annual Salary Ordinance to add five new permanent 2916 Social Work Specialist positions, and delete five temporary AB10 Social Work Specialist positions. In addition, the proposed ordinance (101-96-22) would reappropriate $144,585 in permanent salaries from DHS's previously budgeted FY 1996-97 funds in order to reclassify these five positions.

Salary data on the positions to be deleted and added to the Annual Salary Ordinance is summarized as follows:

	No. of Positions	Title	Biweekly Salary	Maximum Annual Salary
Delete	5	AB10 Social Work Specialist	$1596 - $1,936	$50,530
Create	5	2916 Social Work Specialist	$1650 - $2,004	$52,304

Comments:

1. The amount of $144,585 to be reappropriated was calculated based on the total amount in salaries to be paid to the five AB10 Social Work Specialist positions for 15.1 pay periods, assuming that the proposed ordinance was approved by the Board of Supervisors on December 1, 1996. Although the actual number of pay periods will be less than 15.1 because the proposed ordinance was not approved by the Board of Supervisors by December 1, 1996, Ms. Susan Andrus of the Controller's Office advises that it is not necessary to amend the amount of funding to be reappropriated to reflect the actual number of pay periods because the funding for the AB10 Social Work Specialist positions and the proposed 2916 Social Work Specialist positions are allocated within the same program categories.

2. As indicated above, the maximum annual salary increase for the proposed new 2916 Social Work Specialist position is $1,774, or 3.5 percent greater than the maximum annual salary for the current temporary AB10 Social Work Specialist position, resulting in a $8,870 total budget increase for the five positions at the top step. Ms. Murray Brenman advises that one of the AB10 Social Work Specialist positions is presently vacant. Ms. Murray Brenman advises that the proposed salary range for the 2916 Social Work Specialist

classification is identical to the salary range for the 2913 Program Specialist classification.

3. According to Ms. Murray Brenman, prior to negotiations between the Service Employees International Union (SEIU) and the DHS, which resulted in a collective bargaining agreement that was approved by the Board of Supervisors for a 3.5 percent salary increase for the 2913 Program Specialist classification, the maximum annual salary for the temporary AB10 Social Work Specialist and the 2913 Program Specialist were equal. Approval of the proposed legislation would create the 2916 Social Work Specialist classification at a salary range equal to the salary range for the 2913 Program Specialist classification, as has been recommended by the Department of Human Resources. As previously stated, the maximum annual salary of each of the five AB10 Social Work Specialist positions will be increased by $1,774 at the top step, if this proposed legislation is approved.

Recommendations: 1. Approve the proposed supplemental appropriation ordinance (File 101-96-22).

2. Approve the amendment to the Annual Salary Ordinance (File 102-96-22).

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 7 -File 101-96-23

Department: Rent Arbitration Board

Item: Supplemental appropriation ordinance for temporary salaries and fringe benefits and professional services for data base development.

Amount: $247,000

Source of Funds: Rent Arbitration Board Fund, which consists of a $10 annual Rent Board fee on all rental units and a $5 annual Rent Board fee per residential hotel room, except for owner occupied units.

Budget:

Temporary Salaries-Misc.		
One Hearing Officer (7 months)	$34,347	
One Citizen Complaint Officer (7 months)	37,063	
		$71,410
Fringe Benefits		5,590
Contract Database Development		170,000
Total		$247,000

Description: The proposed supplemental would fund (a) one 8162 temporary Hearing Officer position and (b) one existing 2975 temporary Citizen Complaint Officer position for the seven months remaining in Fiscal Year 1996-97. The Hearing Officer position would be used to help reduce the backlog of hearings at the Rent Arbitration Board. As of early December, 1996, the Rent Board's backlog was approximately 120 petitions. The Citizen Complaint Officer position would be used to help mitigate the impact from the passage of Proposition I.

Proposition I, which was approved by the voters in November of 1994, repealed the exemption from rent control for owner-occupied building containing four or fewer units. Proposition I brought approximately 45,000 additional rental units under the City's Rent Ordinance. Overall, the Rent Control Ordinance currently covers a total of approximately 180,000 rental units in the City.

The Rent Arbitration Board is currently switching from the WANG mini-computer to a LAN personal computer system. The proposed supplemental appropriation would fund the development of a database for the new LAN

system which will enable the Rent Board staff and the public to have more efficient computer access to the Department's files. The public would be able to access the Rent Board's files at the Rent Board's front counter, or eventually, via the Internet.

Comments:

1. The 8162 temporary Hearing Officer position was initially funded in the FY 1996-97 budget for the period July 1, 1996 through June 30, 1997 at an annual salary of $58,881. The 2975 Temporary Citizen Complaint Officer was not funded for Fiscal Year 1996-97, because the position was to be financed with $44,370 of Permanent Salary funds from one permanent vacant Citizen Complaint Officer, who was out on long-term disability. However, Mr. Joe Grubb of the Rent Arbitration Board reports that the permanent Citizen Complaint Officer, who had been out on long-term disability, returned unexpectedly on July 1, 1996.

Due to the passage of Proposition I and the additional tenant petitions being filed, the position for the temporary Citizen Complaint Officer, who specializes in tenant concerns was filled. The funds to pay for the temporary Citizen Complaint Officer position were partially taken from the temporary Hearing Officer position. Due to a lack of funds to fully fund both the temporary Citizen Complaint Officer and Hearing Officer positions, the temporary Hearing Officer was subsequently laid off.

2. Mr. Grubb reports that he needs to rehire the temporary Hearing Officer for the remaining seven months of this fiscal year to assist in reducing the backlog of petitions. In accordance with Section 37.8 of the City's Administrative Code, tenants and landlords are entitled to have their petitions heard within 45 days by a Rent Board Hearing Officer. Tenant petitions may include petitions for decreased or lost housing services, such as the lack of heat or leaky roofs, allegations of rent overcharges and allegations of wrongful evictions. Landlord petitions might include petitions to raise rent to support the (a) increased operations and maintenance costs or (b) costs of capital projects. Landlord petitions could also include requests for extensions of time to continue temporary evictions to complete capital improvements.

As noted above, the Rent Board's backlog was approximately 120 petitions as of early December, 1996. According to Mr. Grubb, based on a 120-petition backlog,

petitioners must wait approximately 60 days before their petition is heard by a Rent Board Hearing Officer. As noted above, Section 37.8 of the Administrative Code specifies that petitions will be heard within 45 days of filing. Mr. Grubb reports that he does not anticipate requesting additional permanent or temporary Hearing Officer positions in FY 1997-98.

3. The Rent Board is also requesting to fund the continuation of the existing temporary Citizen Complaint Officer position for the remaining seven months of this fiscal year. As discussed above, the temporary Citizen Complaint Officer was not funded for Fiscal Year 1996-97 because the position was to be financed with $44,370 of Permanent Salary funds from one permanent vacant Citizen Complaint Officer who was out on long-term disability. However, the permanent Citizen Complaint Officer who had been out on long-term disability returned unexpectedly on July 1, 1996 and there are not sufficient funds to continue this position for the remaining seven months of Fiscal Year 1996-97, without the proposed supplemental appropriation of funds. According to Mr. Grubb, in the FY 1997-98 budget, the Rent Board will request that one more permanent Citizen Complaint Officer position be added and that the temporary salary funds for this position be eliminated. According to Mr. Grubb, no new permanent Citizen Complaint Officer positions were hired after the passage of Proposition I, although the number of requests for information and the workload for the Citizen Complaint Officers in the office has increased significantly.

4. The proposed supplemental appropriation includes funding for the 8162 Hearing Officer position for a period of seven months, at an annual salary of $58,881. However, given the timing of the proposed request, this position could not be filled until January, 1997, at the earliest, or a maximum of funding for six months. Therefore, the proposed request could be reduced for one month of funding by reducing Temporary Salaries by $4,907 and by reducing Fringe Benefits by $384, for a total reduction of $5,291.

5. Based on a Request for Proposal (RFP) process, the Rent Board has selected The Imagination Group to provide the contract database development services for $170,000. The Imagination Group is a WBE firm. It is estimated to take a total of 1,500 hours to complete the database development project. The Imagination Group's

hourly rates range from $60 to $120 per hour. According to Mr. Grubb, he anticipates that it will take The Imagination Group approximately six months to develop the database for the Rent Board's LAN computer system.

6. The Rent Board's costs are entirely off-set by the Rent Board's annual fees which it collects and the proposed supplemental appropriation request would have no impact on the City's General Fund. The current balance in the Rent Arbitration Board Fund is approximately $350,000, carried forward from FY 1995-96. According to Mr. Grubb, the annual Rent Board fees are now collected as part of the City's property taxes, which are due by December 10 and April 10 of each year. The total estimated revenues from Rent Board fees for FY 1996-97 are approximately $1,860,000. The Rent Board's budget for FY 1996-97 is $1,690,714 or $169,286 less than the FY 1996-97 revenue estimates.

Recommendations: Amend the proposed supplemental appropriation ordinance to reduce Temporary Salaries by $4,907 and Fringe Benefits by $384 for a total reduction of $5,291 and approve the ordinance, as amended.

Item 8 File 97-96-61

Note: This item was transferred from the Select Committee on Municipal Public Power meeting of November 27, 1996 for Fiscal Impact consideration.

Item: An ordinance amending Chapter 11 of the Administrative Code of the City and County of San Francisco to add Section 11.8(b) requiring the Public Utilities Commission to conduct a full and comprehensive study regarding the feasibility of municipalizing the electric utilities distribution system in the City and County of San Francisco.

Description: During Fiscal Year 1995-96, the Board of Supervisors approved the expenditure of $150,000 to conduct a preliminary feasibility study of municipalizing the electric utilities distribution system, now operated by Pacific Gas and Electric Company (PG&E), in the City and County of San Francisco. This proposed ordinance would amend Section 11.8 of the Administrative Code by requiring that the PUC prepare and submit to the Board of Supervisors, a full and comprehensive study regarding the feasibility of municipalizing the electric utilities distribution system in the City, no later than May 1, 1998.

Economic and Technical Analysis Group (ETAG), an independent consulting firm, conducted a preliminary feasibility study and prepared a draft report on its findings and conclusions. ETAG completed its preliminary draft report and submitted this report to the Public Utilities Commission (PUC), Technical Review Committee, Hetch Hetchy and Board's Select Committee on Municipal Public Power for its comments.

The draft report makes a recommendation that the City complete a detailed feasibility study based on an inventory and valuation survey of the electric utilities distribution system prior to moving forward with municipalization of the electric utilities distribution system. In a memorandum dated October 25, 1996, Mr. Lawrence T. Klein, General Manager of Hetch Hetchy, stated that he could neither support nor reject the conclusions and recommendations presented in the current draft study. Mr. Klein also stated in this memorandum that he was unable to track the assumptions underlying ETAG's conclusions and recommendations. Hetch Hetchy staff cited the following three specific shortcomings of the draft report:

- "It is difficult to track the study assumptions with respect to valuation methodologies employed, the range of values

applied to critical variables, and the basis for estimating these ranges of values."

- "The report often digresses into speculation and assertions that 1) cannot be readily substantiated and 2) are irrelevant to the scope and/or conclusions of the study. As a consequence, the reader is left 'befuddled' by extraneous comments and academic arguments."

- "The report is internally inconsistent, with broad assumptions and statements made in some places and refuted in others."

Mr. Klein states that the preliminary draft is in the process of being rewritten by ETAG. The second draft will be reviewed and revised by the PUC's Technical Review Committee prior to being submitted to the PUC for its review and approval.

According to Mr. Klein, a full and comprehensive feasibility study is conducted to develop an inventory and cost estimates associated with acquiring the electric utilities distribution, from PG&E, and developing a process to staff and manage the system once it has been acquired. Both Mr. Klein and Ms. Deborah Penn, Assistant Executive Director for Information Services of the American Public Power Association (APPA), concur with an R. W. Beck estimate placing the engineering costs of a comprehensive feasibility study would range from $700,000 to $1,500,000. This range is contingent upon the amount of cooperation by PG&E in assessing the system and completing a comprehensive inventory of all facilities. Mr. Klein also advises that an additional ten to twenty percent may be required to cover the costs of City staff time and some initial attorney fees, therefore increasing the range of costs from $770,000 to $1,800,000.

Comments:

1. Based on information obtained from the American Public Power Association, several localities throughout the United States, including localities in California, have municipalized their electric utility systems, according to Ms. Penn. According to a survey of municipal electric utilities contained in the draft ETAG report, some of the California localities that have municipal public power include: Los Angeles, Sacramento, Santa Clara, Pasadena, Alameda and Palo Alto. According to the ETAG draft report, the Sacramento Municipal Utility District, with a customer base of 473,343 is the most comparable to the City's needs with respect to size and complexity.

According to Ms. Penn, a full and comprehensive municipalization study conducted by the City of San Diego is fairly comparable to San Francisco's proposed comprehensive study due to the City's service area and delivery requirements. Representatives of R. W. Beck concur that the service areas and delivery requirements in San Francisco are fairly comparable to San Diego. However, the San Diego study, conducted by R.W. Beck and Associates, was completed over a period of six months with engineering costs totaling only $145,000. The rest of the comprehensive study team included attorneys and financial advisors to assist with the terms of the takeover. Representatives of R.W. Beck advised that the additional costs of the attorneys and financial advisors were billed separately and are not included in the engineering costs of $145,000. As previously noted, the overall estimated engineering costs in San Francisco, for the proposed detailed study would range from $770,000 to $1,800,000.

The report on the San Diego study included: 1) information on the study approach, including key assumptions and responsibilities of staff, and principle elements of the study; 2) a comparison of current San Diego Gas and Electric (SDG&E) and Southern California Edison (SCE) agricultural rates; 3) water desalination potential; 4) public acquisition options, including key assumptions, a description of assets, a financial analysis and other key factors such as transmission import capability, preference power benefits, and future issues; 5) a definition of the scope of work including asset valuation, analysis of operations, a review of the facilities to be purchased from SDG&E, and the financial structure; and 6) conclusions and recommendations.

However, representatives of R. W. Beck advise that the proposed study undertaken by the City would be far more extensive than the study conducted by San Diego. At the time of the San Diego study, SCE had an offer on the table to purchase SDG&E. As such, the study did not require developing an inventory of facilities or valuation of the distribution system. All facilities were inventoried as part of SCE's negotiations to purchase SDG&E, and the value of the system had been established by the negotiations between the two utility companies. For that reason, the comprehensive feasibility study conducted by the City of New Orleans study may be a better comparison with regard to timing and process, according to R. W. Beck.

A comprehensive study of the City of New Orleans municipalization efforts, conducted between 1986 and 1990, had engineering costs totaling approximately $1.6 million. The

full and comprehensive feasibility study conducted for the City of New Orleans required the same type of facilities inventory and asset valuation that would be required for the proposed comprehensive feasibility study proposed to be conducted for San Francisco.

2. The information obtained from the American Public Power Association also indicates that many jurisdictions have determined that municipalizing power would provide lower rates to customers while increasing revenues for the jurisdiction. Conducting a comprehensive feasibility study on the effect of municipalizing electric utilities would address the degree to which the City could lower rates for its customers and realize revenues.

3. At the same time, the comprehensive study would address the initial costs of acquiring the system from PG&E, and the ongoing operating costs to the City. The method of financing the acquisition costs of the system from PG&E would also be included as part of the comprehensive study.

4. Representatives of R. W. Beck estimate that the engineering portion of the proposed comprehensive study to assess the feasibility of municipalizing the electric utilities distribution systems would take approximately 12 to 18 months to complete. Mr. Klein concurs with this estimate and advises that the process for selecting a qualified consulting firm to conduct the study will take approximately six months to complete.

According to Mr. Klein, the specific elements of a detailed comprehensive feasibility study would include:

- Reviewing available information related to previous municipalization studies including recent studies related to other cities to identify critical items and innovative evaluation and financing techniques.

- Preparing an inventory of the PG&E facilities that would have to be acquired in order for the City to function as a municipal utility. The inventory should include estimates of pertinent data including age, remaining lifetime, original cost, replacement cost and book value.

- Identifying potential sources and costs of supplemental power, firming services and transmission to the City.

- Evaluating potential benefits to the City and its residents of municipalization including but not limited to the effects of lower rates.

- Examining staffing requirements, costs and feasibility of integrating existing PG&E staff into the City structure.

- Examining alternative scenarios for financing municipalization.

- Interpreting the results of the above and preparing a comprehensive report. The report should include a description of the study, findings, methodology, conclusions and recommendations.

The funding source to conduct the proposed comprehensive feasibility study, which as previously indicated has total estimated engineering and in-house staff costs ranging from $770,000 to $1,800,000, has not yet been identified. According to Mr. Klein, these funds are not available in the FY 1996-97 Hetch Hetchy budget.

5. According to Mr. Klein, a second draft of the preliminary feasibility study conducted by ETAG is currently being prepared in response to comments from the PUC's Technical Review Committee and Hetch Hetchy staff. The ETAG study draft report has not been reviewed or approved by the Public Utilities Commission as of the writing of this report. Upon completion of the second draft, the report will be submitted to the Technical Review Committee of the PUC for comment prior to submitting the report to the full PUC for its approval. Mr. Klein states that the targeted time frame for submitting the final ETAG report to the PUC is January of 1997.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 9 - File 172-96-44

Department: Port of San Francisco

Item: The proposed resolution would approve an agreement whereby the City would make annual payments of $1.2 million to the Port for 20 years to settle a dispute between the Port Commission and the City concerning parking fine revenues collected on Port property. Between 1975 and 1993, such parking fine revenues were deposited into the City's General Fund. Since Fiscal Year 1993-94, all parking fine revenues have been dedicated to Municipal Railway (Muni) operations. Therefore, the payment of parking fine revenues in the amount of $1.2 million annually for 20 years, totaling $24 million, will result in a new General Fund cost of $1.2 million annually in order to replace parking fine revenues which have heretofore funded the Muni annual budget.

The first annual payment to the Port of $1.2 million would be made within 30 days of the approval of this proposed agreement. Since this agreement would reduce revenues to the Muni for the current 1996-97 fiscal year, a supplemental appropriation request in the amount of $1.2 million from the General Fund Reserve will be submitted to the Board of Supervisors to fund the Muni for the parking fine revenues that would now be paid to the Port, if this proposed resolution is approved. The Port would continue to reimburse the City for the cost of providing parking enforcement services to the Port (presently $250,000 annually) as the Port has done since Fiscal Year 1994-95.

Approval of this proposed agreement by the Port Commission and the Board of Supervisors would fully release and discharge both the Port and the City from future claims against each other relating to parking fine revenues collected by the City from Port property and the provision of parking services by the City.

Description: In 1969, the Burton Act enabled the transfer of San Francisco's Port property from the State to the City. The Port was "to be held in trust for navigation, commerce and fisheries". A subsequent Transfer Agreement between the State and the City specified that all revenues generated on Port property are to be deposited into a trust fund restricted for the Port's benefit.

In 1975, the Port, turned over the responsibility of issuing parking citations on Port property to the City. The performance of such duties by the City on Port property was permitted by the Port Transfer Agreement. The Port did not initially reimburse the City for performing such services. All revenues collected for parking citations issued on Port property have been retained by

the City since 1975 and deposited to the City's General Fund or, since 1993, credited to the Muni. Prior to 1975, Port Police issued parking citations on Port property, and the Port retained all resulting parking fine revenues. When the Port Police function was combined with the San Francisco Police Department, the City assumed responsibility for parking enforcement and collection of fines.

From 1975 to 1994, the Port did not pay the City for the provision of parking citation issuance and parking fine collection services, while the City's General Fund retained all revenues collected from such parking fines. In January, 1994 the Port commenced payment of $250,000 annually to the General Fund to reimburse the City for its costs of parking citation issuance on Port property and collection of fines, and the City continued to keep the parking fine revenues generated from Port property.

The proposed agreement states that both the Burton Act and the Transfer Agreement require all revenues generated on trust property to be deposited into a trust fund for the Port's benefit. The proposed agreement further stipulates that revenues from parking citations attributable to parking spaces on Port property belong to the Port.

The Port has approximately 1,000 parking meters on its property. A recent survey conducted by the Mayor's Budget Office and the Department of Parking and Traffic estimated that the parking fine revenue generated by parking citations issued on Port property approximates $1,152,000 annually. Based on this estimate of the Mayor's Budget Office and the Department of Parking and Traffic, the proposed agreement provides that the City will pay $1.2 million annually for 20 years in consideration of revenues previously collected and to be collected in the future from parking fines issued on Port property. Under the proposed agreement, the Port would continue to reimburse the City for parking enforcement duties performed by the Department of Parking and Traffic in the amount of $250,000 annually initially, and increasing in the future as the City's costs for such activities increase.

If Parking fines are increased in the future, the proposed agreement provides that the annual payment of parking fine revenues to the Port would be adjusted by the same percentage amount of increased revenue realized by the City for all parking fine revenues.

After expiration of this agreement, in approximately 20 years on June 30, 2017, payments to the Port for parking fine revenue collected on Port property will be based on actual collections

realized by the City from such citations unless State law is changed to permit other uses for such revenues. Although the City does not currently have the ability to separately identify parking fine revenue attributable to Port property, it is anticipated that future improvements to Department of Parking and Traffic's processing systems will permit separate accounting.

Comments: 1. The Port Commission will be voting on the proposed agreement on December 10, 1996 and the Budget Committee will therefore know the outcome of that consideration at its meeting of December 11, 1996.

2. According to Mr. Steve Agostini, Mayor's Director of Finance, all revenues to be paid to the Port under this proposed agreement will be subject to future Board of Supervisors approval of (a) a proposed supplemental appropriation amending the Port's annual budget, and (b) in future annual budgets of the Port. Mr. Agostini states that these revenues can be used as a source of funds which, combined with other Port revenues, will support the debt financing of a future Port capital improvement project to relocate the Port maintenance facility currently located on Pier 46 at China Basin to nearby Pier 48. This facility houses all maintenance staff and equipment for maintenance functions performed on all Port property. Mr. Agostini further states that the Muni budget will be restored in the amount of $1.2 million for Fiscal Year 1996-97 through either new parking fine revenues, to the extent that such revenues are realized in excess of the amount budgeted, or an additional supplemental appropriation to be submitted to the Board of Supervisors, appropriating funds from the General Fund - General Reserve.

Recommendation: Approval of the proposed resolution to annually transfer $1.2 million in parking fine revenues to the Port for 20 years at a cost of $1.2 million to the General Fund is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 10 - File 101-96-24

Department:	Public Library	
Item:	Supplemental appropropriation of $1,601,488 for Temporary Salaries, Premium Pay, Overtime and related Fringe Benefits for the Public Library.	
Amount:	$1,601,488	
Source of Funds:	Library Preservation Fund Reserve:	$1,174,327
	Reappropriation of previously budgeted Library Preservation Fund membership fees, contractual expenses, equipment rentals and materials and supplies:	83,600
	Recalculation of General Fund Baseline:	129,977
	Reappropriation of previously budgeted General Fund materials and supplies:	1,900
	New State grant funds, meeting room fees and cafe lease revenues:	211,684
	TOTAL:	$1,601,488

Description:

The Controller projects that the Public Library will have a projected budgetary shortfall of $2,879,747 in FY 1996-97, based on year-to-date expenditure patterns. The proposed supplemental appropriation would fund $1,601,488 of the projected budgetary shortfall, leaving a balance of $1,278,259 to be funded primarily from a reserve on the book budget (See Comment No. 1).

The Public Library's projected budget shortfall is a result of overexpending its budgeted Temporary Salaries, Overtime and Premium Pay, as well as the related fringe benefits. The Controller's Office established in October, 1996 that the Public Library had approximately 80 FTEs on its payroll above the budgeted 481 FTEs. These excess employees are primarily temporary positions including 3602 Library Pages and 3610 Library Assistants.

Although the increased circulation at the New Main Library has exacerbated the problem, the Budget Analyst notes that overexpenditure of Temporary Salaries has become a chronic problem at the Public Library, despite the addition of 159 new, authorized permanent positions which were approved by the Board of Supervisors following voter approval of Proposition E in June of 1994. The Public Library obtained a $2.5 million supplemental appropriation in FY 1995-96 to cover overexpenditures in Temporary Salaries. At that time, Public Library officials attributed the problem primarily to

the lack of a personnel control system. On page 1 of Attachment 1 to this report, Ms. Mary Downey, Finance Director of the Public Library, states that the Public Library now has a position control system.

See Comment 3 for further discussion of the prior representations that have been made to the Board of Supervisors by the Public Library regarding their commitment to operate within their budgeted resources. Also see Comment 2 for information on the Public Library's efforts to achieve savings through attrition.

Budget: The proposed supplemental appropriation would cover $1,601,488 of the projected budgetary shortfall of $2,879,747 in personnel costs at the Public Library. Attachment 2 shows the Controller's estimate of this budgetary shortfall, and indicates how the funding would be distributed between Temporary Salaries, Premium Pay, Overtime, Retirement, Social Security, Dental Benefits and Unemployment Benefits.

Funding Source Details:

A. Library Preservation Fund Reserve

Reimbursement from City Finance Corp. $542,416

In November of 1995 the Public Library received a supplemental appropriation of approximately $4.9 million to finance the purchase of automation and telecommunications equipment, along with various smaller projects. A portion of this expenditure was to be reimbursed to the Library Preservation Fund with $2.7 million in lease revenue bond proceeds. Therefore, $542,416 has been certified by the Controller as available for appropriation at this time.

Liquidation of Encumbrances $631,911

Ms. Downey states that the Public Library has identified a total of $631,911 in encumbrances that have been liquidated because of various factors such as balances remaining after payment of invoices, canceled orders, etc.

Subtotal $1,174,327

B. Reappropriation of Library Preservation Fund Budgeted Expenditures $83,600

Ms. Downey states that Public Library division managers were asked to submit a list of expenditures that could be eliminated from the FY 1996-97 budget in order to help fund the subject supplemental appropriation. The following items

would be cut, and reappropriated to fund Temporary Salaries:

• Membership Fees	$10,000
• Janitorial Services (window washing)	35,000
• Other Building Maintenance Services	5,000
• Other Equipment Rentals	3,600
• Other Current Expenses (Technical Services)	20,000
• Other Materials and Supplies (Branch Program)	10,000
Subtotal	$83,600

Ms. Downey states that, in many instances, the expenditures would be deferred until FY 1997-98. For example, Ms. Downey advises that window washing had been scheduled to occur in May, but will instead be delayed until after the start of the new fiscal year. See page 3 of Attachment 1 for further details.

C. General Fund Library Baseline Adjustment $129,977

The baseline level of General Fund support for the Public Library, as established in Proposition E, must equal the same proportion of General Fund appropriations as the Library had in FY 1992-93. The Controller has recalculated the Public Library's General Fund baseline budget for FY 1995-96, and determined that $129,977 is due to the Public Library from the General Fund.

D. Reappropriation of Budgeted General Fund Expenditures $1,900

Other Materials and Supplies (Management) $1,900
Ms. Downey states that, as with the reappropriation of budgeted Library Preservation Fund expenditures, the reduction in Management Division materials and supplies would primarily be accomplished by deferring such expenditures from FY 1996-97 to FY 1997-98.

E. Appropriation of New Library Revenues $211,684

Additional State Public Library Funds $172,739
The budgeted revenues from the State Public Library Fund were estimated based on the prior year's allocation. However, the Governor increased the appropriation to the State Public Library Fund, which is distributed to public libraries throughout California, in the State FY 1996-97 budget. The Controller has certified that the Public Library

will receive $172,739 more than was originally budgeted in revenues from the State Public Library Fund.

Meeting Room Fees **12,308**

Ms. Downey reports that the Library has so far received $12,308 in FY 1996-97 fees charged in connection with use of Main Library meeting rooms during hours in which the Main Library is open. The Public Library has a separate agreement with the Library Foundation for management of the meeting rooms during non-open hours. Such revenues for open-hours meeting room fees were not included in the FY 1996-97 budget because they could not be certified in advance by the Controller, as this was the first year of operation of the New Main Library.

Main Library Cafe Rental **26,637**

In May of 1996 the Board of Supervisors approved a lease of space in the New Main Library for operation of a cafe (File 65-96-6). The monthly base rent is $2,219.75, or $26,637 per year. Ms. Downey states that the cafe lease was approved too late in the budget process for these revenues to be reflected in the FY 1996-97 Public Library budget.

Subtotal $211,684

Comments:

1. As previously noted, even if the subject supplemental appropriation is approved, the Controller projects that the Public Library will have a remaining budgetary shortfall of $1,278,259. To date, only $111,290 has been identified to resolve this remaining shortfall. The Mayor's Office and the Public Library advise that this $111,290 would be funded from (1) a $50,000 reduction in projected use of overtime; and (2) a salary offset of $61,290 from a National Science Foundation grant received by the Public Library. Ms. Hollenbeck reports that the Public Library has requested that the Controller reserve the remaining budgetary shortfall of $1,166,969 in the book budget of the Public Library, for payment of the balance of the Public Library's temporary salary budgetary shortfall unless the Public Library identifies alternative savings or revenues which would then become the subject of a future supplemental appropriation request.

On page 3 of Attachment 1, Ms. Downey states that the Public Library does not intend to actually use the book budget reserve. She outlines steps that Public Library administrators plan to take to achieve sufficient savings to avoid using the book budget reserve, although no specific decisions have been made by the Public Library as of the

writing of this report. Ms. Hollenbeck reports that the Library Commission has asked Mr. Ken Dowlin, City Librarian, to prepare a plan for achieving such savings, to avoid using the book budget to cover the budgetary shortfall, for submission to the Library Commission in January. Based on prior experience, the Budget Analyst has no confidence whatsoever that the Library will take adequate steps to alleviate the need to use book budget funds to reconcile the remaining budgetary shortfall.

2. Ms. Hollenbeck states that the Mayor's Office and the Controller informed the Public Library in September, 1996 of the projected budgetary shortfall. According to Ms. Hollenbeck, Public Library administrators have pursued a strategy of focusing on staff attrition. However, Ms. Hollenbeck advises that a reduction of 14 FTEs was matched by a nearly equivalent increase in overtime expenditures.

3. Since the voters approved Proposition E in in June of 1994, the Public Library has failed to operate within the constraints of its expanded budget. On numerous occasions, the Budget Committee and the Budget Analyst have alerted the Public Library of concerns regarding the Department's lack of fiscal controls. Public Library management has repeatedly maintained that steps were being taken to bring expenditures in line with budgetary appropriations, and yet the Public Library has never implemented adequate fiscal controls to accomplish this basic requirement. For example:

• In comments to the Board of Supervisors accompanying our recommendations for amendment of budget items in FY 1995-96, the Budget Analyst stated that the Public Library should develop a model for allocating staff to service points in Branch Libraries, divisions of the Main Library and the Technical Services Division. Although Mr. Dowlin stated at Budget Committee meetings that such a model would be prepared, submitted to the Board of Supervisors, and utilized for preparation of the FY 1996-97 budget, no such model was ever provided.

• In connection with the $2.5 million FY 1995-96 supplemental appropriation to cover overexpenditures in Temporary Salaries, Mr. David Price of the Public Library stated that, "The Public Library plans to operate within budgeted resources during FY 1996-97." At that time, Mr. Price further stated that the Public Library would implement a personnel control system during FY 1996-97 (File 101-95-83). In fact, adequate controls have never been instituted.

• In comments to the Board of Supervisors accompanying our recommendations for amendment of budget items in FY 1996-97, the Budget Analyst reported that, "Staying within this proposed budget will require careful budgeting and monitoring of the

Temporary Salaries expenditure account." At that time, Public Library administrators advised that they would contain Temporary Salary costs principally by (1) requiring Permanent Salary staff to increase their public service desk assignments by 25 percent in the Main Library and in Branch Libraries, and (2) by establishing and monitoring limits on the use of temporary as-needed staffing. Clearly adequate measures were not taken.

Despite these repeated representations to the Board of Supervisors, the Public Library has never brought personnel usage and related expenditures under control.

4. During the FY 1995-96 budget process, the Budget Committee, at the recommendation of the Budget Analyst, requested that the Public Library develop line item budgets for each cost center (e.g. Branch Library or division of the Main Library, etc.). The Public Library has recently begun this process, by allocating the FY 1996-97 Branch Library Division budget into separate Branch Library budgets. Although this is a step in the right direction, the Budget Analyst notes that Temporary Salaries have not been allocated to individual Branch Libraries. Instead, Branch Library Temporary Salaries still appear as a line item in the budget of the Chief of Branches. It may be appropriate for the Chief of Branches to retain a small Temporary Salary line item to permit flexible allocation of staff, but true budgetary control will only be achieved if individual Branch Libraries and divisions of the New Main Library are held accountable for staying within allocated Temporary Salary resources.

5. When the $2.5 million FY 1995-96 supplemental appropriation for Temporary Salaries was approved, the Budget Committee requested that the Public Library submit a detailed ten-year projection of revenues and expenses to the Board of Supervisors by September 1996. The Budget Committee also requested that the Public Library report to the Board of Supervisors on a quarterly basis during FY 1996-97, comparing actual year-to-date personnel expenditures with budgeted personnel expenditures, and providing a plan for addressing any excess spending trends that might arise (File 101-95-83). The Public Library did not submit a ten-year projection or the first quarterly report to the Board of Supervisors until November 27, 1996, at the same time that the proposed supplemental appropriation was calendared for the Budget Committee.

6. Mr. Dowlin has requested that the Mayor's Office conduct a management and fiscal audit of the Public Library. Mr. Steve Agostini of the Mayor's Office advises that he is in the process of determining what form such an audit will take, and who will perform it. Mr. Agostini will be available to answer questions on

this matter at the December 11, 1996 meeting of the Budget Committee.

In the professional judgement of the Budget Analyst, there is a significant need for such a management and fiscal audit. Among the issues that should be addressed are:

√ A detailed analysis of the use of Temporary Salaries and Overtime by the Public Library, to identify where and how overexpenditures occur, and to provide recommendations for management of the use of temporary employees and overtime.

√ A survey of comparable major library systems to identify staffing standards that are used for key classifications, and how other library systems reconcile service needs with budgetary constraints. Such information should be used to assist the Public Library in developing its own, explicit staffing standards based on whatever variables are found to be appropriate. Temporary employees should be included in any such analysis.

√ Examination of the Public Library's ten-year projections of revenues and expenses, to determine whether the assumptions are realistic, and to provide recommendations for how the Public Library can adhere to the requirements of Proposition E while arriving at a level of expenditures that can be sustained over time.

7. Attachment 3 to this report is a response from the Public Library to various points discussed in this report.

8. In summary, the proposed supplemental appropriation would fund $1.6 million of a projected $2.9 million budgetary shortfall at the Public Library caused by overexpenditures of Temporary Salaries, Overtime, Premium Pay and related Fringe Benefits, yet still resulting in a projected shortfall of $1.2 million if this subject request is approved. Ms. Downey states that, if the proposed supplemental appropriation is not approved, the Public Library would be forced to eliminate and reduce various services, which have not been determined.

The sources of funding for the proposed supplemental appropriation include approximately $542,416 in one-time reimbursements of revenue bond proceeds not included in the budget, which will not be available in future years; $631,911 in savings from list price on purchase of books and materials, which would normally be allocated back to the book budget; $129,977 from a mandatory recalculation of the General Fund baseline budget; $211,684 in unanticipated and possibly one-time revenues from a State grant, meeting room fees and cafe lease revenues; and a total of $85,500 ($83,600 plus $1,900) in cuts to previously budgeted non-personnel expenditures.

BOARD OF SUPERVISORS
BUDGET ANALYST

Approval of this proposed supplemental appropriation would result in the Controller reserving a total of $1,166,969 from the Public Library's budget for books and materials to pay for the remaining budgetary shortfall of approximately $1.2 million, unless the Public Library can identify other sources of funding to meet the remaining shortfall.

Although the increased circulation at the New Main Library has exacerbated the problem, overexpenditure of Temporary Salaries has become a chronic problem at the Public Library. The Budget Committee has repeatedly urged the Public Library to put systems in place to allocate staff efficiently. Despite repeated representations of their intention to operate within their appropriated budget, as approved by the Board of Supervisors, the Public Library does not yet have a plan in place that will make this possible. Based on prior experience, the Budget Analyst has no confidence whatsoever that the Library will take adequate steps to alleviate the need to use the book budget funds of approximately $1.2 million, which are to be reserved by the Controller, to reconcile the remaining budgetary shortfall.

Recommendations: 1. Urge the Mayor's Office to obtain an in depth, comprehensive management and fiscal audit of the Public Library in time to utilize the findings of such an audit in preparation of the Public Library's FY 1997-98 budget.

2. Approval of the subject supplemental appropriation is a policy decision for the Board of Supervisors.

S F P L
MEMORANDUM

San Francisco Public Library

To: Eve Sternberg
Budget Analyst

From: Mary Downey Mary Downey
Finance Director

Subject: 1996-97 Supplemental

Date: December 6, 1996

The following information is provided in response to your questions regarding the Library's request for a supplemental:

1. *Why has the Library needed an excess of 80 FTE's? Why does the Library continue to need an excess of 80 FTE's?*

There are several reasons why the Library has an excess of 80 FTE's:

a. After Prop E was passed and the Library was determining staffing levels for the extended hours, public service staff felt overwhelmed and requested more positions. The Library Personnel office did not have an internal position control system in place. Many of these positions were part-time or temporary. In addition, approximately 30 FTEs, funded through grants and special programs, were retained after funding terminated. The Library now has a position control system.

b. The Library was advised by the City to avoid lay-offs of employees.

c. The Library has been committed to using attrition to reduce the excess FTE's. Attrition is a slow process.

d. The Library had planned to reduce the hours of part-time employees during Fiscal Year 1996-97 in order to realized savings (in addition to attrition). This plan has not yet been implemented.

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2. *Is there any reason to assume that this is not a permanent need?*

The Library recognizes the need for these additional FTE's due to the increase in public use at the Main and many branches. However, the Library is committed to reducing staff to the level supported by the resources. The Library plans to resolve this problem during FY 1996-97.

3. *What is the purpose of the National Science Foundation Grant? What will be the impact of recruiting staff internally to fill the grant funded* positions?

The National Science Foundation (NSF) grant provides funds for the introduction of electronic, digital, online materials and resources to children and youth; orientation, training and support for staff, library users, and volunteers; education for teachers about available resources and methods to integrate electronic materials into standard curriculum; and the development of programs for children and youth. These grant funds provide for 2.5 FTE's to implement the grant. The Library plans to recruit internally for these positions.

The impact of recruiting staff internally will be a reassignment of job tasks and/or the elimination of some job tasks.

4. *What are the meeting room fees?*

The Library has several meeting rooms available for use during public hours. The Library charges fees for equipment use (film projector, microphone, etc.), set-up fees (furniture and refreshments), and staff fees for special services. In addition the Library has a MOU with the Library Foundation for rental of space for after hours events. Most of these fees are a new source of revenue for the Library.

5. *How will the Library realize the savings of $50,000 in overtime?*

The Controller's estimate of overtime use is based on a straight line projection. The attached memo from Kenneth E. Dowlin, City Librarian issued November 14, 1996 reads in part "...Effective November 16, 1996, Supervisors will not allow any employee to work beyond their requisitioned hours..." The Library's Finance office is preparing bi-weekly reports of employees working beyond their requisitioned hours, including overtime. These reports are expected to be utilized as a control mechanism.

San Francisco Public Library

6. *Detail the Line-item transfers. Specify if these items will be needed next fiscal year.*

Sub-Object	Description	Amount	Status[1]
02401	Memberships	$ 10,000	FY 97/98 Budget-Delete
02802	Janitorial Services	35,000	FY 97/98 Budget-Include[2]
02899	Other Bldg. Maint.	5,000	FY 97/98 Budget-Delete[3]
03199	Other Equip. Rentals	3,600	FY 97/98 Budget-Delete[4]
03599	Other Current Expenses	20,000	FY 97/98 Budget-under review[5]
04999	Other Materials and Supplies	11,900	FY 97/98 Budget-under review[6]

7. *Does the Library intend on using the book budget reserve? If not, how will savings be realized?*

No. The Library does not intend on using the book budget reserve. In FY 1996/97, the Library is taking the following steps to realize the $1,166,969 in savings needed:

a. A review of all outstanding encumbrances is currently underway. Any outstanding encumbrance which cannot be substantiated will be liquidated.

b. A review of all budgeted line items is currently underway. Maximum spending will be targeted by line item. See also memo from Kenneth E. Dowlin dated November 14, 1996 regarding new requests for purchases.

c. The Library anticipates additional revenue not previously budgeted, from fines and fees and Library events/meeting room fees.

d. The Library is preparing a list of possible reductions and/or elimination of positions hired for grants and special projects for which the funds have been expended.

e. The Library has calculated reduction in hours of part-time staff which can be implemented during the last 6 months of FY 1996/97. The reductions are between 25%-33%

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[1]Items indicated as deleted in FY 97/98 do not take into account estimated cost increases which may offset this reduction.

[2]Estimated cost for window washing.

[3]Computer Room Maintenance. This cost is being absorbed by Maintenance and Operations.

[4]Cost of van rental for transporting equipment will be deleted.

[5]Other Current Expenses includes estimated costs for bibliographic services. This estimate has been reduced.

[6]Other Materials and Supplies include estimates of supply items. This estimate has been reduced.

and would realize a savings of $500,000-$700,000 depending on the date of implementation.

f. Determination of staff eligibility for retirement.

g. Additional "Reduced Work Week" hours will be encouraged.

h. In order to prepare for items "e." and "f.", the Library will be meeting with Labor representatives.

8. *What programs have excess FTE's?*

All programs have excess FTE's. Per the Controller's report most excess FTE's are in the following public service classifications: 3602 (Library Page), 3610 (Library Assistant), 3632 (Librarian II).

ary
jected 1996-97 Spending

nbined General & Preservation Fund

aries:	Budget	Actual (7 pp's)	Projected Spending	Projected Surplus/(Deficit)
nanent	18,374,291	4,380,830	16,395,726	1,978,565
porary	2,006,304	1,735,238	6,494,314	(4,488,010)
nium Pay	337,656	112,571	421,309	(83,653)
rtime	29,769	32,422	121,343	(91,574)
day Pay	2,097	0	0	2,097
l Salaries	20,750,117	6,261,061	23,432,692	(2,682,575)
efits:				
ement	1,700,829	456,765	1,704,719	(3,890)
al Security	1,580,866	473,647	1,772,912	(192,046)
th	1,502,574	384,349	1,433,073	69,501
al	393,987	123,227	459,461	(65,474)
nployment	35,276	10,873	40,541	(5,265)
Benefits	5,213,532	1,448,861	5,410,705	(197,173)
d Total	25,963,649	7,709,922	28,843,396	$\boxed{(2,879,747)}$

Projected figures are based on a straight-line projection along with a January 1st
1.5% salary increase as mandated by the SEIU contract.

S F P L
MEMORANDUM

San Francisco Public Library

To: Eve Sternberg
Budget Analyst

From: Mary Downey Mary Downey
Finance Director

Subject: 1996-97 Supplemental

Date: December 6, 1996

The following information is provided in response to your report regarding the Library's request for a supplemental:

1. Reference to the over expenditure as a "chronic problem" is overstating the problem. A chronic problem implies that the Library has a condition which cannot or will not be resolved. This is not the case. This problem was identified in FY 1995-96 and will be resolved in FY 1996-1997.

2. The statement that "The lack of control over its expenditures has been the primary cause of the budgetary problems of the Public Library for some time" is an exaggeration of the problem. The Library has taken two fiscal years to adjust to the major change in funding from Proposition E, the opening of the new Main Library, and planning for current and future operations at the new Main Library and twenty-six branches. It is not unreasonable to expect that the Library would require an adjustment period.

3. The statements regarding the development of "a model for allocating staff" are inaccurate. The Library contracted and funded a reclassification study from Department of Human Resources (DHR) in FY 1994/95. A draft of this report has just been received and is currently being reviewed and discussed with DHR and is the basis for the model for allocating staff. The Library is currently working on a staffing plan which will be completed by

San Francisco Public Library

December 30, 1996. The reclassification study will be the guideline for the staffing plan and for staff assignments and possible reductions. The assurances made by the Library Administration were based on receipt of the report from DHR.

4. It is inaccurate to state that "adequate controls have never been instituted". The Library has been implementing a position control system. This required a tremendous amount of staff time to implement due to the lack of historic information. In addition, administration, managers and supervisors are currently receiving expenditure reports and reports detailing overtime hours worked over requisitioned hours.

5. The Branch Library Temporary Salaries were specifically placed as a line item in the budget of the Chief of Branches in order to give the Chief of Branches the flexibility to assess current temporary staff usage and make recommendation in coordination with the DHR report and the Library's staffing plan.

Final Comment

The City Librarian recognized in June 1994 that implementation of Proposition E required significant planning and requested that the Commission include funds for such planning in the first supplemental and again in the second supplemental. However, it was not until July 1995 that staff support for developing the financial planning tools was funded.

The City Librarian felt that it was important to keep the present staff intact during the transition into the new Main Library and while the financial management tools were being developed. However, knowing that there would be a problem the City Librarian froze hiring. Estimating that it would take 6-8 months to complete this transition, the Library is now restructuring its organization and re-assigning employees to ensure continuation of the services to meet the public's expectations. We are preparing a financial policy and program priority plan which the City Librarian will request that the Commission adopt.

Item 11 - File 101-96-25

Department: Office of the Chief Medical Examiner

Item: Supplemental appropriation ordinance appropriating $19,222 from the General Fund Reserve to purchase and install computer equipment needed for the Local Area Network to enhance data base development capabilities.

Amount: $19,222

Source of Funds: General Fund Reserve

Description: Since 1994, the Medical Examiner has received payments from the Maternal and Child Health Division of the State Department of Public Health for services to be performed by the Medical Examiner's Office. Such services consist of specific state-mandated investigative procedures which the Medical Examiner must follow in cases involving Sudden Infant Death Syndrome (SIDS). From January 1, 1996 through November 30, 1996, the State has remitted, to the City, three payments totaling $19,543, as reimbursement for the SIDS investigative services performed by the Medical Examiner's Office. These revenues were deposited to the City's General Fund.

In previous years, 1994 and 1995, the Board of Supervisors approved supplemental appropriation ordinances (Files 101-94-106 and 101-95-19) from the General Fund revenues which had accrued from the State's payments to the City for the Medical Examiner's SIDS investigative services, for the purchase of various equipment for the Medical Examiner's Office. Among the equipment purchased was computer equipment that was used to convert the Medical Examiner's Office from a Wang Computer system to a Local Area Network (LAN). This conversion from the Wang to a LAN enhanced the statistical analysis capabilities and case tracking abilities of the Medical Examiner's Office.

In order to continue the computer system upgrade, the Medical Examiner is requesting to purchase five additional computer work stations that would be connected to the LAN as well as additional server memory for the LAN. The equipment requested for this portion of the LAN conversion totals $14,680. In addition to the cost of purchasing the equipment, there is a fixed fee charge of $4,257 for the installation of the new workstations and reconfiguration of the LAN. The total cost for the equipment and installation would be $18,937 ($14,680 plus $4,257 equals $18,937) which

is $285 less than the requested supplemental appropriation of $19,222.

Comments:

1. Based on a preliminary review of the Medical Examiner's Office information systems conducted as part of the ongoing management audit of the Medical Examiner's Office currently being conducted by the Budget Analyst at the direction of the Board of Supervisors, the request for additional equipment and system upgrades appears reasonable and would improve the data base and information tracking capabilities of the Medical Examiner's Office.

2. Mr. John Madden of the Controller's Office has previously reported that the payments made by the State for the services performed by the Medical Examiner's Office are unrestricted and can be used for any type of City expenditure.

Recommendations:

1. Amend the amount of the proposed supplemental appropriation ordinance to reduce this request of $19,222 by $285 to $18,937 in order to reflect the cost of the purchase and installation of the new computer stations and server upgrades.

2. Approve the proposed supplemental appropriation ordinance as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 12 and 13 - Files 101-96-26 and 102-96-7

Department: Board of Supervisors

Item: Ordinance appropriating $17,626 in General Fund Reserve monies for the creation of one position, Classification 1361, Special Assistant II, (File 101-96-20).

Ordinance amending Ordinance No. 298-96 (Annual Salary Ordinance, 1996-97) reflecting the creation of one position, 1361 Special Assistant II (102-96-7).

Amount: $17,626

Source of Funds: General Fund Reserve

Description: The Mayor is requesting the creation of one new permanent position, Classification 1361, Special Assistant II, to perform the duties of Assistant to the President of the Board of Supervisors. The Board is requesting $17,626 in General Fund Reserve monies to fund permanent salaries and mandatory fringe benefits for the position for the period January 6, 1997 through June 30, 1996, the end of the fiscal year.

Ms. Erin McGrath, Legislative Assistant to the President of the Board of Supervisors, has provided the following justification on the functions the new 1361, Special Assistant II, would perform:

1. Answering Phones:
   Since November 5, 1996, our call volume has increased dramatically. On the busiest days, we receive up to 30 calls an hour. We need a third permanent staff member in order to properly respond to these calls.

2. Responding to constituent letters and phone calls:
   A large percentage of our calls and letters require phone calls and letters to other departments to research the issues in the letters. The new position would perform this research and then either call the resident or draft a written response for the President of the Board of Supervisors.

3. Attending and reporting on meetings:
   Includes meetings both at the Board and in other agencies which the President is expected to follow issues.

4. Creating and distributing resolutions and certificates of honor:
   Board Presidents are often asked to do more of these than the other 10 Supervisors.

5. Administrative duties:
   Includes copying, filing and sending routine mailings as necessary.

The annual salary of the proposed position, Classification 1361, Special Assistant II, at Step 5, is shown below.

Classification/Title	Biweekly Salary	Salary Top Step
1361, Special Assistant II	$1,232	$32,155

For the approximate 13 pay periods from January 6 through June 30, 1997, funding for the proposed position would require an appropriation of $17,626, including $13,234 for Permanent Salaries and $4,392 for Mandatory Fringe Benefits at the Step One level of $1,018, biweekly, or $26,570 annually.

Comments:

1. According to Mr. Mike Martin of the Mayor's Office, the classification of 1361, Special Assistant II, was designated for the proposed position by comparing the responsibilities specified for the position with the various Special Assistant levels.

2. Ms. McGrath reports that the position is to be filled at the Step One level and that if approved, funding for the position would be requested in the Board of Supervisors budget for FY 1997-98.

3. Approval of File 102-96-7 would amend the 1996-97 Annual Salary Ordinance to create a new 1361, Special Assistant II.

Recommendation: Approval of the proposed legislation is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 14 and Item 15 - Files 101-96-27 and 102-96-6

Department: Mayor's Office

Item: The proposed ordinances are a supplemental appropriation re-appropriating $517,483 in reserved funds to fund a project to review financing and development options for a stadium to replace 3Com Park at Candlestick Point and an amendment to the Annual Salary Ordinance creating three new positions in the Mayor's Office.

Amount: $517,483

Source of Funds: Previously reserved Stadium Naming Rights Revenues for 3Com Park at Candlestick Point.

Description: In May, 1996, the Board of Supervisors approved a supplemental appropriation in the initial amount of $1.5 million from revenues generated by the Stadium Naming Rights Agreement between the City and the San Francisco 49ers football franchise. The Board of Supervisors reserved such revenues for the exclusive purpose of paying for expenditures related to planning and development activities for either a new football stadium or for improvements to the existing 3Com Park at Candlestick Point stadium. In March, 1996, the Board of Supervisors approved the Stadium Naming Rights Agreement between the City, through the Recreation and Park Commission and the San Francisco 49ers. Under this agreement, the City's General Fund receives the following scheduled payments from the 49ers over the life of the agreement:

Date	Payment Amount
February 1, 1996	$ 1.5 million
November 1, 1996	1.0 million
November 1, 1997	1.4 million
Total	$ 3.9 million

Under the Naming Rights Agreement, the 49ers have also been granted two one-year options after the year 2000 and would pay the City $900,000 for each option year.

In accordance with the payment schedule shown above, the City currently has received $2.5 million from the 49ers. Such funds are on reserve and available for planning and development activities for either a new football stadium or

for improvements to the existing 3Com Park at Candlestick Point stadium.

According to a letter dated December 2, 1996 from the Mayor to the Board of Supervisors, the proposed project will consider development and financing options, and make recommendations for a new football stadium at Candlestick Point. The Mayor expects to present a plan for the new stadium to the Board of Supervisors early in 1997 and intends to submit the plan to the voters in June, 1997.

This supplemental appropriation request is to fund staff, consultants and operating expenses to:

- explore development and financing options;
- resolve landuse and ownership issues;
- perform any necessary preliminary environmental work;
- develop and negotiate a lease agreement with the 49ers;
- review stadium agreements from other jurisdictions; and,
- solicit community involvement in order to present the voters with an acceptable plan.

Budget: The proposed budget for the period of January 1, 1997 through June 30, 1997 for this project is as follows:

		Annual Amount	1/1/97 - 6/30/97	
1376	Special Assistant XVII	$ 86,570	$ 43,285	
1372	Special Assistant XIII	61,716	30,858	
1450	Executive Secretary	43,900	21,950	
0130	Mandatory Fringe Benefits	42,281	21,140	
	Subtotal			$ 117,233
	Travel		$ 1,000	
	Training		250	
	Professional Services		360,000	
	Materials and Supplies		2,000	
	Equipment Purchase		10,000	
	Services of the City Attorney		25,000	
	Telephone Services		2,000	
	Subtotal			400,250
	Total			$ 517,483

BOARD OF SUPERVISORS
BUDGET ANALYST

The Mayor's Office has provided the following explanations for the requested positions and expenditure amounts:

1376 Special Assistant XVII- Position to serve as the Project Manager for the development project. Responsibilities will include analyzing the feasibility of a new stadium, reviewing/recommending design alternatives, resolving land use issues, recommending financing alternatives, negotiating with San Francisco 49ers, developing needed legislation, briefing elected officials on alternatives, and soliciting community input.

1372 Special Assistant XIII- Position will report directly to Project Manager and will be primarily responsible for developing financing options, as well as assisting Project Manager with all other aspects of the project.

1450 Executive Secretary - Position will provide staff support and manage project office including responsibilities for payroll and personnel functions, reception and mail.

Travel - $1,000 is being requested to fund two trips by the Project Manager to visit new stadium sites in the U.S. and discuss project and financing alternatives with other local officials.

Training - $250 is requested to fund two training sessions for project employees on stadium development and/or financing.

Professional Services - $360,000 is requested to fund financial services consultants ($60,000), land use and state lands consultants ($40,000), and environmental reviews ($260,000). Consultants have not yet been selected in any of these areas.

Equipment Purchase - $10,000 is requested to purchase three computers ($7,500), a printer (1,500), and fax machine ($1,000)

City Attorney - $25,000 is requested to fund approximately 250 hours of City Attorney services at $100 per hour. The City Attorney's Office will be used to help formulate and review land transactions, proposed leases, and financing options, as well as draft proposed legislation.

Comments:

1. Mr. Stuart Sunshine of the Mayor's Office, who has been directed by the Mayor to head this project, states that the 1372 Special Assistant XIII position will not have to be filled for approximately three months. Therefore, the amount budgeted for that position can be reduced by 50 percent, with a commensurate reductions to Mandatory Fringe Benefits for this position.

2. Mr. Sunshine adds that consultants for the performance of professional services have not as yet been selected. Therefore the Budget Committee should reserve $360,000 in funds budgeted for Professional Services.

Recommendations:

1. Amend the proposed ordinance File 101-96-27 by reducing the salary for the 1372 Special Assistant XIII by $15,429 from $30,858 to $15,429 and reducing Mandatory Fringe Benefits by $3,394 from $21,140 to $17,746 resulting in a total reduction of $18,823.

2. Further amend the proposed ordinance File 101-96-27 by reserving $360,000 for Professional Services pending selection of the consultants and submission to the Board of Supervisors the names, hourly rates and the MBE/WBE status of the consultants.

3. Approval of the proposed supplemental appropriation as amended, (File 101-96-27) and approval of the proposed amendment to the Annual Salary Ordinance (File 102-96-5) are policy matters for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Hsieh
President Kaufman
Supervisor Bierman
Supervisor Alioto
Supervisor Ammiano
Supervisor Brown
Supervisor Katz
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Steve Agostini
Stephen Kawa
Ted Lakey